FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,368 Thursday July 12 1984 D 8523 B

Robert Bosch adopts a philosophic attitude, Page 20

NEWS SUMMARY

GENERAL

Thatcher condemns 'cynical' Soviets

Mrs Margaret Thatcher, the British Prime Minister, attacked the Soviet Union for political repression, attempting to divide the West, military aggression and a "cynical and negative" approach to the Third World.

She added, however, that it was essential for the West to keep open lines of communication with the Eastern bloc.

In a speech to the European Atlantic group, Mrs Thatcher also blamed the Kremlin for the absence of arms reduction talks and warned that Britain was prepared to strengthen its defensive role beyond the Nato area.

Moscow visit

UN Secretary-General Sr Javier Peréz de Cuéllar arrived in Moscow for talks with Soviet leaders towards a settlement of the Afghan conflict.

Envoy in talks

Nigerian High Commissioner in London Major-General Haldu Hananiya is to return to Lagos for consultations in the wake of the diplomatic row over the attempted kidnapping of exiled politician Alhaji Umaru Dikko.

Botha to stand

South Africa's ruling National Party elected Prime Minister P. W. Botha to stand as its candidate in the September 5 presidential election. Under the country's new constitution, the president will be both executive and titular head of state.

Passengers freed

Israel released two of the passengers held since its gunboats hijacked a Beirut-bound Cypriot ferry two weeks ago. Two other passengers are still being held without charges. **Page 3**

Beer on trial

EEC Commission is to take West Germany to the European Court in a final bid to force it to drop a 18th-century law on the purity of beer, which it says is an obstacle to free trade. **Page 2**

Director dismissed

Ulrich Schwab, director of Frankfurt's recently restored concert and conference centre, has been dismissed because he planned to put on a Rainer Werner Fassbinder play considered to be anti-Semitic.

Strike threat

Trade union representing 30,000 employees of the West German national airline Lufthansa threatened to launch disruptive airport strikes after the breakdown of wage talks.

Polish arrests

Security police in Warsaw detained a journalist and three others and seized documents, tapes and equipment in a raid on the office of Poland's best known underground publishing house.

Miners rescued

Fifty of the 121 miners trapped by fire in a Taiwan coal mine were rescued, but 32 died later. **Earlier report, Page 31**

Rough justice

A 53-year-old Japanese man who spent nearly 27 years in the condemned cell was freed after a court found him not guilty of four murders committed in 1955.

BUSINESS

Dow falls 18 points as fears continue

WALL STREET: The Dow Jones industrial average closed 18 points down at 1108.55 as nervousness over the outlook for the U.S. economy and interest rates continued to flow through Wall Street financial markets. **Stock markets, Section III.**

HONG KONG share prices fell steeply amid speculation over reasons for a sudden visit today by UK Foreign Office minister Richard Luce, coinciding with Sino-British talks over the colony's future. The Hang Seng index, after a Tuesday rally, fell 41.7 to a 1984 low of 763.81 in active trading. **Market report, Page 39; Leading prices, Page 42**

DOLLAR rose in London to SwFr 2.4002 (SwFr 2.3855), DM 2.8405 (DM 2.8235), FFr 8.71 (FFr 8.67) and Y242.1 (Y241.55). On Bank of England figures, its trade-weighted index was at a record 136.5 from 136.1. In New York it closed at DM 2.8485, SwFr 2.4085, Y242.65 and FFr 8.725. **Page 49**

STERLING recovered from an all-time low in early London trading to close at $1.314, a rise of 45 points. It also improved to DM 3.74 (DM 3.6935), FFr 11.485 (FFr 11.3525), SwFr 3.18 (SwFr 3.124) and Y318.75 (Y318.3). Its trade-weighted index rose 0.4 to 77.8. In New York it closed at $1.307. **Page 49**

GOLD dropped $3.50 on the London bullion market to $341.50. It was down by $3.25 in Frankfurt to $341 and by $4.50 in Zurich to $340.75. In New York, the July Comex settlement was $341.60. **Page 48**

TOKYO stocks encountered further selling, taking the Nikkei-Dow market average 31.73 down to 10,354.88. **Section III**

LONDON gilts recovered after interest-rate rises but equities fell. The FT Industrial Ordinary index lost 11.0 to 782.0. **Section III**

FRANKFURT resumed its downward trend after Tuesday's short-lived rally. The Commerzbank index fell 13.5 to a nine-month low of 955.1. **Section III**

KAISER ALUMINUM, the fourth largest U.S. aluminium producer, reported profits of $32.5m in the second quarter against a loss of $51.3m in the comparable period last year. **Page 23**

M ALBIN CHALANDON, former head of Elf Aquitaine, France's state-run oil group, called for state-owned companies to be progressively denationalised. **Page 2**

AIRBUS INDUSTRIE, the European airliner consortium, plans to make further sharp cuts in output next year in view of the large number of unsold widebodied jets. **Page 5**

BRITISH STEEL Corporation, the state-owned group, cut its trading losses by nearly £200m to £128m ($166.4m) in 1983-84. **Page 6**

SWEDEN is to decide today whether to accept a large increase in the $3bn loan facility it has been seeking in the Euromarkets. With commitments now approaching $5bn, the facility is heavily oversubscribed. **Page 50**

The editorial content of today's international edition has been restricted because of continuing industrial action at Frankfurter Societäts-Druckerei, where the edition is printed. This prevents the publication of late-breaking news.

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

UK banks raise rates to 12% to curb slide in £

BY PHILIP STEPHENS IN LONDON

BRITAIN'S principal banks yesterday announced a sharp 2-point rise in their base lending rates to 12 per cent, halting the recent run on sterling on foreign exchanges.

The move, led by Barclays and reluctantly endorsed by the Bank of England, is clearly a setback for the Conservative Government.

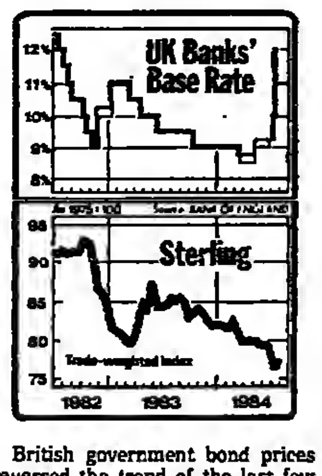
Officials, however, said last night that it had been impossible to resist the pressures generated by rising U.S. interest rates and industrial strife in Britain.

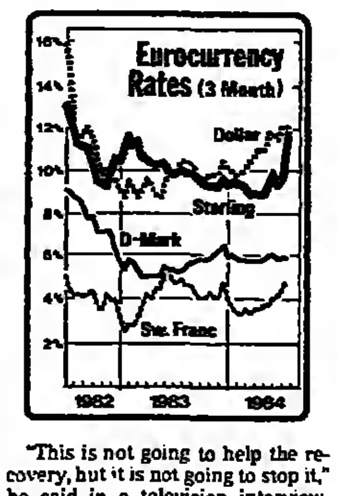
Base rates were pushed up to 10 per cent from 9¼ per cent on Friday, but the pound continued to fall sharply against most other currencies, raising the prospect of an upsurge in inflationary pressures. The rates are now at their highest level for two years.

Last night the pound closed in London at $1.3140, 0.45 cents up against a generally strong dollar, compared with a low of $1.2975 in early trading.

Sterling also gained against most other major currencies. Its trade-weighted index against a basket of currencies rose to 77.8 from 77.2.

The dollar finished at record levels against several European currencies. Its Bank of England trade-weighted index rose to 136.5 from 136.1. Against the D-Mark, the U.S. currency closed at DM 2.8405, up from DM 2.8235.





British government bond prices reversed the trend of the last few days, rising by as much as a point. The Bank of England's confidence that rates have now peaked is underlined by the announcement that it is issuing £600m ($788m) of existing Treasury stocks.

London share prices, however, suffered further losses with the FT Industrial Ordinary index closing 11 points lower at 782.

Mr Nigel Lawson, Chancellor of the Exchequer, said last night that he was disappointed by the rise, but he predicted it would be a "temporary storm" which would not stop Britain's economic recovery.

"This is not going to help the recovery, but it is not going to stop it," he said in a television interview, adding that he still expected industrial investment to rise by 10 per cent this year.

Mr Lawson indicated clearly the Government's belief that no further increases in interest rates are in prospect.

Despite the surge in the money supply in June, UK authorities are convinced that underlying monetary conditions remain well under control, and they feel that markets have over-reacted to one month's figures.

British financial analysts last night appeared to share the view that the next move in UK interest rates would be downwards. There are doubts, however, over whether it will come soon enough to allow the Government to hit its inflation target of 4½ per cent by the end of the year.

There is some concern, however, that any further steep rise in U.S. rates could put renewed pressure on sterling if the British miners' strikes drag on and oil prices remain weak.

Most other European countries have been able to resist the latest increases in U.S. rates, but sterling has been undermined by the lower oil prices and the miners' dispute.

UK interest rates are now close to U.S. levels, while West Germany has maintained a differential of between 5 and 6 per cent.

Each 1 point rise in the banks' rates adds about £270m to business costs, while a 2 point rise in the mortgage rate, on loans for home purchases, would hit consumer spending and add about 0.6 per cent to retail price inflation by the end of the year.

Some of the impact of the latest rise on company finances will be offset by the benefits of the fall in the pound.

Editorial comment, Page 20; Lex, Page 22; Money markets, Page 49

Oil output concession for Nigeria

BY DOMINIC LAWSON IN VIENNA

NIGERIA will be allowed to produce extra oil in August and September, but otherwise members of the Organisation of Petroleum Exporting Countries (Opec) will be expected to stick to their existing production quotas.

Official Opec prices will remain unchanged, but the decision to allow more Nigerian output could inflict some downward pressure on North Sea prices.

Opec ministers, at the end of their two-day meeting in Vienna, said they had agreed to continue the pricing and production regime agreed in London in March 1983, with the exception that Nigeria will be allowed to produce 100,000 b/d over its 1.3m b/d quota in August and 150,000 b/d over in September.

Although there was no official explanation of how Nigeria will get its increase in a fairly stagnant market, it is clear that Saudi Arabia, as the Opec swing producer, will cut its own production to allow leeway to Nigeria.

IMF says Nigeria's economic proposals are insufficient; Agreement reached to counter oil supply shortfall, Page 22; North Yemen strikes oil, Page 3

The extra oil production is worth about $210m in revenue to the hard-pressed Nigerian economy. Prof Tam David-West, the country's Oil Minister, said: "It will buy a lot of drugs for our hospitals. I am very happy."

Nigeria's concession expires at the end of September, when Opec ministers expect to meet again in special session. They hope that by then oil demand will have improved sufficiently for them to be able to consider a more widespread increase in production.

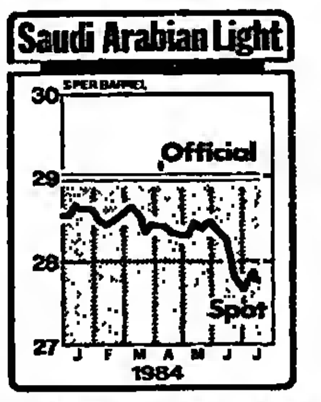
Sheikh Ahmed Zaki Yamani, the Saudi oil minister, said he was very happy with the outcome of the meeting, which represented a success for the Kingdom's strategy of holding firm to the London agreement in a weak oil market. He was "optimistic that the market will firm up now. Demand is picking up."

Sheikh Yamani said on Tuesday his country was producing 4.7m b/d of oil, a low enough figure to make room for Nigeria's additional oil. Traders, however, think the current Saudi figure is still about 5m b/d, down from 5.7m b/d in June.

Opec's main problem is to ensure that other members also reduce production to within quota. Unofficially Kuwait, the United Arab Emirates, Qatar, Algeria and Indonesia have all been cheating in recent weeks.

Ministers yesterday confirmed that top-level delegations would visit both Opec and non-Opec oil producers in the next few weeks to urge them to restrain production.

Dr Mana Saeed Al Otaiba, the



UAE minister, will visit Opec governments and Sheikh Yamani will carry the message to Britain and Norway, whose rapid building-up in production has greatly irritated Opec ministers. Sheikh Yamani said he would also go to Moscow, "if they give me a visa."

Continued on Page 22

Reagan urged to take tough line on steel

BY STEWART FLEMING IN WASHINGTON AND PAUL CHEESERIGHT IN BRUSSELS

THE U.S. International Trade Commission (ITC) has proposed a combination of higher tariffs and quotas on a wide variety of carbon steel products to protect the U.S. steel industry from the rapid increase in the share imports are taking in the domestic market.

The ITC's 3-2 vote to recommend that President Ronald Reagan take vigorous action has taken no account of the voluntary agreements negotiated by a wide variety of countries, including members of the EEC, to restrict their exports to the U.S. market.

European Commission officials have pointed out to the ITC that further restrictions would make a mockery of the 1982 carbon steel agreement. That holds down the level of EEC steel sales in the U.S.

Last year EEC steel sales fell 27 per cent from their 1982 level, but the trade is still worth $1.5bn - $2bn a year.

Action by the Administration would lead to a rise in trade tensions, which recently have stilled, but which are always the subject of strain, especially in farm products.

The EEC has never spelt out precisely what it would do in the face of further U.S. import restrictions, but when higher tariffs and quotas last year were placed on special steel imports, the EEC retaliated by doing the same thing on a range of U.S. products to cover the same value of trade.

The ITC decision is another victory for the U.S. steel industry in its campaign for protection from imports and a potentially damaging blow to hard-pressed Third World exporters of steel and to trade relations between the U.S. and its main industrial partners.

The decision, however, does not resolve the question of whether the steel industry should be granted protection and, if so, what sort. That final decision has to be taken by President Reagan, who has the authority to ignore or vary the ITC recommendation as he wishes.

The recommendation will go to the President formally on July 24 and he will then have 60 days to decide. This timing, as the steel industry has carefully calculated, might force Mr Reagan to act in the weeks immediately before the presidential election.

With the steel industry located in politically vital Midwestern states such as Pennsylvania, Indiana and Ohio, the President will be under heavy pressure to grant the industry some redress.

Before that announcement is made, however, he will be left in no doubt about the gravity with which the EEC in particular views the gathering pressures to protect so important an industry as steel from competition, especially since, under the restraint agreement which the U.S. and the EEC have negotiated, EEC exports to the U.S. have actually been falling.

The EEC must hope that Mr Reagan in a final ruling will exercise the discretion that the ITC feels it lacks under the law to take into account factors, such as bilateral agreements, affecting the flow of steel to the U.S.

In its announcement, the ITC said it favoured a combination of higher tariffs and quotas on foreign-produced carbon steel products for a period of five years. The U.S. imported some $4bn of those products in 1983.

The details of the ITC decision varied from product to product. On semi-finished steel, for example, the ITC recommended an extra duty of 15 per cent on imports exceeding 1.5m tons a year, with the duty declining to 10 per cent in the fourth and fifth years.

For carbon steel, sheet and strip, import quotas were recommended to limit imports to 11 per cent of total U.S. consumption during the first three years and 12.1 per cent in the fourth and fifth year. For galvanised steel quotas of 21.4 per cent of U.S. consumption in the first three years were recommended, for steel plate 21.2 per cent and for structural steel 28.9 per cent.

In each case, slight increases in the quotas were proposed for the fourth and fifth years.

In the first five months of 1984, steel imports have been accounting for almost a quarter of total U.S. shipments. That compares with around 21 per cent in 1982 and 1983.

Although imports from the EEC have not been rising sharply, imports from Japan have been increasing after declining by about a quarter between 1980 and 1982. The most striking development has been the sharp increase in imports from Third World nations, which increased between 1982 and 1983 and have been running at more than double their 1983 levels in the opening months of this year.

OECD output declines, Page 2

Sun Alliance, Phoenix plan to merge into biggest UK insurer

BY ERIC SHORT IN LONDON

SUN ALLIANCE and London Insurance, one of Britain's leading composite insurance groups, yesterday announced an agreed bid worth nearly £400m ($525m) for Phoenix Assurance, another UK insurer.

The combined group would have shareholder funds of about £1.8bn, making it the largest UK insurance group in terms of assets.

Sun Alliance is making a cash offer of 650p a share. Its subsidiary, Sun Insurance Office, has bought unconditionally from Continental Corporation, the U.S. insurance group, the latter's 24.3 per cent holding in Phoenix for £98.5m. The offer values Phoenix at £396.6m.

The takeover takes place as at least one major overseas insurance group is looking at UK insurance companies with the objective of getting a major foothold in the London market.

Allianz Versicherung, West Germany's largest insurance company, is known to be actively interested in this area, despite failing to acquire Eagle Star Holdings last year in a bitterly contested £968m battle with BAT Industries.

UK COMPOSITE INSURANCE GROUPS

	Published share-holders' funds † (£bn)	General insurance premium income 1983 (£bn)
Sun Alliance/ Phoenix	1.84	1.39
Royal	1.42	1.91
CU	1.40	1.88
GA	1.25	1.39
Eagle Star*	1.10	0.57
GRE	1.07	0.97

* Now part of BAT. † Including life
Source: Wood Mackenzie

There has been considerable market speculation that Allianz was interested in Phoenix. Allianz has denied this.

The takeover was triggered by a decision on the part of Continental to sell its investment after 20 years of trading relationship. Mr Ken Wilkinson, Phoenix's deputy chief general manager, said last night that Continental had been "looking at its business strategy both in the U.S. and around the world." It was seeking management involvement rather than investment interests in associated companies.

Sun Alliance had made a tentative approach to Phoenix a year or two ago, according to Mr Geoffrey Bowler, its chief general manager.

That was the time when several overseas insurance groups were starting to show an interest in the UK. Allianz looked at Sun Alliance and liked what it saw, except for Sun's involvement in the Chubb insurance pool in the U.S.

Mr Bowler said that Phoenix approached Sun Alliance about four weeks ago stating that there were now real prospects of a relationship between the two groups.

Sun Alliance has a strong position in property insurance in the UK, whereas Phoenix has a larger stake in motor and aviation business.

Allianz forecasts bigger payout, Page 24

CONTENTS

Elf's ex-chief calls for smaller state sector

BY DAVID MARSH IN PARIS

M ALBIN CHALANDON, former chairman of France's state-controlled oil group Elf Aquitaine, has waded into the country's growing denationalisation debate by calling for state companies to be returned progressively to the private sector.

An ex-Gaullist minister forced to resign from Elf last summer after a furious row with the Industry Ministry, M Chalandon said privatisation of French companies nationalised in 1982 was vital above all to allow them to compete effectively world-wide.

In two articles in Le Monde yesterday and on Tuesday, he heaped scorn on the "comic strip ideology" which sparked off the Socialist Government's nationalisation programme.

State ownership could fulfil functions in industries with long cycles such as the nuclear and space businesses; in monopoly services such as electricity production; or in chronically loss-making sectors such as steel or coal.

But in companies exposed to international competition, public ownership hampered normal adaptation and business development and imposed "the most heavy handicap" of permanent state control.

This "subservience" posed a strong impediment to international collaboration as foreign companies feared that state groups "would not respect the secrecy necessary for research and innovation," M Chalandon claimed.

In an implicit reference to the recent clutch of international agreements in electronics, M Chalandon said that French companies had been "on the sidelines" of technical accords concluded over the past two years among U.S., Japanese, West German and Italian companies.

He also painted a picture of Byzantine complexity in the dealings of French industry bosses with the Government, claiming that they were "forced to leave their factories and their offices, wasting their time and their talent . . . in pleading their cases and vying for favours with the state."

Like other figures on the French opposition Right, which in recent months has turned denationalisation into one of the main campaign topics for the 1986 legislative elections, M Chalandon was vague, however, on the technicalities of how privatisation should be carried out. He limited himself to saying that the programme should first restore freedom of action to state companies and later transfer "progressively" to the private sector the capital of "a certain number" of France's publicly-owned enterprises.

● A further improvement in French corporate finances during the rest of 1984 is predicted in the latest set of forecasts from the government statistics institute, Insee. It says that operating profits as a proportion of companies' total business will reach their highest level for 10 years at the end of 1984, aided by a 5 per cent increase in industrial productivity between 1983 and 1984.

But although inflation is seen falling to 6.5 per cent for 1984 against last year's 9.3 per cent, unemployment, presently around 2.3m, is forecast to rise to 2.5m by the end of this year.

Industrial problems look likely to be concentrated particularly in the car industry, where the latest statistics, from the Car Manufacturers' Association, show a 19.3 per cent fall in France's first-half new registrations compared with the same period of 1983.

FRANCE CONDEMNS AUSTRALIAN URANIUM BAN

M CHARLES HERNU, the French Defence Minister, has warned that a prospective Australian ban on uranium shipments to France, decided by this week's ruling Labor Party conference in Canberra, would constitute "interference" in France's internal affairs, writes David Marsh in Paris.

His acerbic comments in a radio interview contrast with the generally low-key reaction in the nuclear energy industry to the prospect of a ban, sparked off by France's continued testing of nuclear weapons in the South Pacific.

France's nuclear explosions at its test site at Mururoa have been a long-standing bone of contention with the Australian and New Zealand Governments. Mr Bob Hawke, the Australian Prime Minister, warned France last year that contracted uranium sales for France's ambitious nuclear power programme could be stopped, depending on the outcome of this week's party vote.

M Hernu claimed that a recent report from an international scientific mission had shown that France's atomic tests posed no health risks to South Pacific populations, and suggested that Australian leaders should first "study the report."

Hardliners force delay in Polish amnesty

By Christopher Bobinski in Warsaw

HARDLINERS arguing against the release of some of Poland's most prominent political prisoners have forced General Wojciech Jaruzelski, the country's military leader, to postpone a decision.

As a result the trial of the four members of the KOR dissident group will start tomorrow without a clear political strategy at the top on what to do about them, or the seven Solidarity leaders still awaiting trial or the 600 other political prisoners.

Time is pressing on Poland's national day on July 22 provides the best opportunity for months to free the prisoners and thus ease the political atmosphere, improve relations with the Catholic Church and encourage the resumption of normal political and economic relations with the West.

However, at a divisive Communist Party politburo meeting on Tuesday a group led by Mr Miroslaw Milewski, the secretary in charge of security, argued against freeing the KOR dissidents as well as the leaders of the KPN nationalist movement who are already serving prison sentences.

The meeting was only able to agree on provisions to free criminal offenders under the July 22 amnesty and for an amnesty to be declared for the Solidarity underground, its members give themselves up and promise to stop their activities.

The hardliners cite the view of the Soviet, East German and Czech Communist parties to support their case over the KOR trial. The three parties have expressed surprise that the Poles are considering freeing the KOR dissidents while continuing with a case against Mr Piotr Jaroszewicz, Prime Minister in the 1970s and his deputy Mr Tadeusz Wrzaszczyk. They are accused of mismanaging the economy.

Woerner aims to pave way for U.S deal on Nato spending

BY RUPERT CORNWELL IN BONN

HERR Manfred Woerner, the West German Defence Minister, is hoping that his current visit to the U.S. will pave the way for a compromise between Bonn and Washington on the thorny issue of how much to spend on improving the infrastructure of Nato.

Before he left last night, Herr Woerner said he expected to come under critical fire for Europe's unwillingness to pay more for its own defence—a dispute reflected in the differing estimates over how much the Alliance should plough into infrastructure improvements between 1985 and 1990.

Theoretically, the agreement must embrace all member countries participating in Nato's integrated military structure. However all hinges on an understanding between the U.S. and West Germany, which between them share almost equally 53 per cent of the total cost.

Thus far positions are far apart. Nato's military commanders originally asked for \$14.6bn, (£11.2bn), but the Reagan Administration intimated it would be content with around \$10bn. Bonn, in line with the majority of its European partners, held out for a maximum of some \$6bn, pleading budgetary constraints.

Faced with such differences, Alliance defence ministers declared after their last session in Brussels in mid May merely that "substantially higher" spending was needed. Their permanent representatives were given 90 days to come up with an agreed figure.

Thus far there has been little visible sign of progress. Bonn is now believed to be ready to lift its ceiling to \$7bn or so, but it remains to be seen whether this will mollify the Americans.

Herr Woerner yesterday described the issue as "most difficult," but was optimistic that progress could be made towards a deal acceptable to the Alliance as a whole.

One encouraging sign is the agreement, which he and Mr Caspar Weinberger, his U.S. opposite number, will sign today, for Bonn to spend DM 7bn (£1.9bn) on new U.S. "Patriot" and European "Roland" anti-air missiles. Herr Woerner called this the strongest vindication so far of the so-called "two way street" principle between the U.S. and Europe for defence procurement.

On the other hand, the West German Minister is braced for American criticism on the general level of Bonn's defence spending.

The 1985 budget, unveiled here last week, provides for a nominal increase of only 3.7 per cent in military outlays next year—well below the real 3 per cent yearly growth at which Nato members have pledged to aim.

But Herr Woerner will retort that although the real rise is under 1 per cent, it is specifically tailored to foster the improvement in conventional military strength which Bonn—and other Nato countries — now accepts as essential.

Decline in steel output forecast

PARIS — The situation of most steel industries in the non-Communist industrialised nations remains "very precarious," says the Organisation for Economic Co-operation and Development. Output levels are likely to decline over the remainder of this year, after a 13 per cent rise in the first five months.

The OECD's steel committee which met in Paris recently found that while there had been a clear improvement in recent months, production levels are still well below those of 1979.

Profits are "small or non-existent" and employment is continuing to decline.

The committee said it is "unlikely" that the current level of OECD steel production (96.4m tons in the second quarter compared with 93.5m in the first, and 86m in the second quarter of 1983) can be maintained.

Apart from a seasonal decline in the market in the third quarter, the recent rise in interest rates discourages any further increase in inventories and activity in the capital goods sectors.

Activity in the construction industries—with the notable exceptions of housing in the U.S. and non-residential construction in Japan—could become even more depressed, it said.

The giggest increases in production this year, said the committee, have occurred in the U.S. and Canada. There has been a "marked decline" in new order, however, in both these countries in recent weeks. Furthermore, foreign steel producers have been able to expand their share of the U.S. market to more than 25 per cent.

In the first five months steel production increased substantially in all OECD countries except Portugal, Spain and Yugoslavia. This was entirely attributable to a recovery in OECD steel demand which was due to increased production of consumer durables.

AP-DJ

OECD REPORT ON PORTUGAL

Radical structural changes urged on Lisbon

BY OUR PARIS STAFF

THE Organisation for Economic Co-operation and Development has called on the Portuguese Government to take "radical structural action" to improve the functioning of the economy and back up the deflation programme brought in last summer.

The stabilisation policy, introduced following the election of Sr Mario Soares's government in April 1983 and the basis of an agreement with the International Monetary Fund, is inevitably depressing the economy.

"However, it would seem essential to maintain the restrictive fiscal and monetary stance in order to restore external equilibrium, reduce inflation and improve the position of public finance," the OECD says in its annual report on Portugal published today.

In the report, which notes that Portugal had to make substantial gold sales last summer to repay emergency credits from the Bank for International Settlements, the OECD heavily underlines the dangers of relaxing policy too soon, as was done in 1979 after the restrictive measures of 1977-78.

It urges the Government, nevertheless, to supplement the austerity programme with structural moves to allow freer price competition, increase flexibility of the labour market, strengthen the tax collection base and reduce the country's dependence on imports in key areas like agriculture.

The Secretariat forecasts that a cut in Portugal's current account deficit this year, to \$1.3bn from \$1.7bn in 1983, will be achieved only at the cost of a 1.9 per cent drop in gross national product, accompanied by steep cuts in investment, industrial production and purchasing power, and a further increase in unemployment.

Partly because of the dismantling of subsidies to curb the budget deficit, and reflecting the monthly "crawling peg" devaluation of the escudo, inflation this year is "unlikely" to ease, despite a slowdown in the course of the year.

The OECD predicts that the average inflation rate measured by the private consumption reflator will rise to 27 per cent in 1984 from 23.5 per cent last year, even though the annual rate of price increases is expected to drop to 20 per cent in the second half of 1984 from 40 per cent in the same period last year.

To back up anti-inflationary efforts, the active competition policy introduced this year "will be of great importance." The OECD labels as "essential" continued decontrol of prices and incomes and reduction of labour market rigidities, but warns that "the task will not be an easy one."

Sr Mario Soares: stabilisation programme

Pointing to the uncertainties on the policy front, the Secretariat says the deflationary process started in 1983 could "gather more momentum than expected" because of the likely fall in real disposable income this year of about 4.5 per cent. This would produce a greater than expected fall in employment and output.

On the other hand, doubts persist on the inflation outlook, with subsidies not yet entirely removed from products and services and a wage "catch-up" possible in 1985. The escudo devaluation, necessary to offset Portugal's inflation differential with its trading partners, has contributed to widening the gap by increasing import prices, the OECD notes.

The Secretariat points to the limits to further restrictive fiscal policy because of Portugal's status as the least developed (apart from Turkey) OECD country and the limited social insurance system, in spite of the expansion during the 1970s. Strengthened moves against tax evasion are "vital."

On foreign borrowing, the OECD records that foreign debt, which almost doubled between the end of 1979 and the end of 1982 from \$7.3bn to \$13.7bn, reached a peak in the second quarter of 1983 at \$14.6bn then declined slightly to \$14.3bn last December.

Owing to growing difficulty in financing the external deficit, with bank borrowing abroad declining during the year, the Bank of Portugal borrowed \$1bn through gold-backed loans from the Bank for International Settlements last year.

The first two, of \$700m, were repaid in July and August out of gold sales and the third, for \$300m, was extended at the end of last year. In addition, the central bank obtained an IMF standby credit for October 1983 to February 1985 of SDr445m (£347m) and compensatory financing of SDr 258m.

Environment a key issue in discussions with Czechs

BY LESLIE COLITT IN BERLIN

THE CZECHOSLOVAK Foreign Minister, Mr Bohuslav Chnoupek, begins talks in Bonn today with Herr Hans Deitrich Genscher, his West German counterpart. These were postponed by Prague late last year in protest at the deployment in West Germany of U.S. medium-range nuclear missiles.

Czechoslovakia's strained relationship with its Western neighbours contrasts sharply with that of most other East European countries. On several occasions the government media in Prague have obliquely criticised other East European governments for cultivating their ties with the West to the detriment of Warsaw Pact cohesion.

Last month Czechoslovakia withdrew its ambassador to West Germany for several days in protest at a rally in Munich of the former Sudetan German minority in Czechoslovakia which was adressed by Herr Carl Carstens, the former West German President.

Mr Chnoupek will also meet Herr Richard von Weizaecker, the new President who is highly regarded in Moscow and East Berlin.

Environmental questions are expected to figure as much as political issues in the talks between the two Foreign Ministers. The population in north-eastern Bavaria is plagued by a noxious odour from industrial plants over the border in Czechoslovakia.

Czechoslovakia maintains that it receives a far greater fallout of acid rain from sulphur dioxide emitted by the tall smoke stacks of West German factories hundreds of kilometres to the west.

The West Germans are also felt likely to ask about relations between Roman Catholic Church and state in Czechoslovakia which are among the most strained in Eastern Europe. The Vatican wants to appoint bishops for 10 of the 13 dioceses in Czechoslovakia which do not have incumbents, but the Government insists on politically acceptable candidates.

Coal-mining may resume in Netherlands

By Walter Ellis in Amsterdam

COAL-MINING may resume in the Netherlands in the next few years. The last pit closed in 1970.

The National Geological Service is carrying out test drillings in Gelderland, near the West German frontier, and has found a "very interesting" hard coal seam 1.3 metres thick at a depth of 1,200 metres. The find, just outside Ruurlo, is to be explored further.

Hard coal is something of a rarity in north-west Europe. Soft "brown coal" is much more common but is less efficient. A mine producing hard coal from a wide seam could well prove commercially attractive, especially as several Dutch power stations were converted to coal-burning in the 1970s.

The Gelderland drillings are part of a nationwide reassessment of mineral deposits to a depth of 1,500 metres.

More Dutch onshore oil has been discovered, meanwhile, this time in the Rotterdam borough of Charlois. The Dutch Oil Corporation made a strike at 1,600 metres and will continue drilling to 3,000.

The Netherlands already has commercial wells onshore, around The Hague and near the West German border at Schoonebeek. Increasingly, however, the emphasis is on offshore drilling, which has revealed deposits capable soon of providing about 20 per cent of national requirements.

The Corporation will release further details of its latest find once samples have been thoroughly analysed.

Romania takes 'scientific' approach to better diet

BY OUR BERLIN CORRESPONDENT

ROMANIA'S National Assembly has adopted a "scientific food programme" which the Government said aims to create a balance between what people "actually eat and their real nutritional requirements."

Although Romania's agricultural output has consistently grown faster than its population, many basic foods are rationed and even these are often in short supply.

Mrs Alexandrina Gainuse, a deputy prime minister, said the new food programme was intended to improve the distribution of food and regional self-sufficiency. She said that although UN bodies had recommended a daily per capita consumption for Romania of 2,650 calories, the programme stipulates an average consumption of 2,800-3,000 calories.

Medical science, she said gave many examples of the "noxious effects on health of an exaggerated and uncontrolled consumption of fats, sweets and starch."

The programme's origins go back to 1978 when President Nicolae Ceausescu criticised his countrymen for their obesity and claimed that 30 per cent of illness in the country stemmed from overeating. Four years later after a further deterioration in fod supplies, a "scientific" diet was promulgated to slim allegedly overweight Romanians.

Western analysts believe the country is exporting large quantities of food to both Eastern and Western markets, which are not reflected in statistics. This, they say, is to pay for the Soviet oil and to service hard-currency debts estimated at \$8bn-\$9bn.

Strike called over Spanish shipyard cuts

By David White in Madrid

A TRIAL of strength over Government-backed plans for drastic cuts in Spanish shipyards takes place today with a strike call in all the country's shipbuilding centres.

The strike, organised principally by the Communist-controlled Workers' Commissions, which claim to represent 45 per cent of the 40,000 workers in the sector, is expected to be especially tough in the northwest Galicia region. Plans for a general one-day protest there include interruption of all road, rail and air connections.

The local INTG union federation is backing the strike movement in Galicia, where more than 10,000 shipyard jobs are located, and the towns of El Ferrol and Vigo are expected to be virtually paralysed. General strikes are also planned at Gijon in northern Spain, despite opposition from local Socialists, and at Puerto Real near Cadiz in the south.

The strike is in protest against restructuring measures approved last month which are expected to affect up to half the industry jobs. The measures were based on agreement between the large state-owned shipyards, the smaller, mostly private, shipyards, the socialist UGT union and the Basque ELA-STV union.

Without specifying the number of jobs to be cut, the reorganisation provides for state financial aid on the basis of individual streamlining schemes provided by the shipyards.

The state sector, which has five large civilian shipyards, has drawn up plans implying a loss of about 8,300 jobs out of a total of more than 22,000. This compares with an initial projection involving 10,500 redundancies.

Brussels move to end beer battle

By Our Bonn Correspondent

THE European Commission is to take West Germany to court in a final bid to force it to drop a 16th century law on the purity of beer, which it maintains is an obstacle to the free movement of goods inside the Community.

The decision, anything but unexpected here, is the culmination of years of battle by the EEC against the Reinheitsgebot, or purity law, issued in Munich in 1516. This stipulates that beer drunk by the world's biggest per capita consumers can contain only water, hops, and yeast.

Modern West Germany, which adopted the law in 1952, has steadfastly refused to modify it, so that only foreign beers without preservatives can be sold in the country. As a result only 1 per cent of the 148 litres of beer downed annually by each German comes from abroad.

The reaction here to the prospect of possible defeat in the European Court of Justice is one of some anxiety—but tinged with the conviction that righteousness will in the end be rewarded.

Bonn, which is in a ferociously environmentalist mood at the moment, will clearly base its defence on the need to keep artificial additives, on health grounds, out of all foodstuffs, including beer.

"I hope we win," said Herr Ignaz Kiechle, the Agriculture Minister. The law, he maintained, was not intended to reduce competion, "but a matter of health and protecting the consumer. Additives in beer are simply not necessary."

The mood in Dortmund, citadel of the German beer industry, is quietly confident. The German beer drinker demanded ...quality, ...and foreign beers would have a job establishing themselves, even if the law was lifted, the National Brewers Federation said, though it warned that some smaller local breweries might be forced out of business for cost reasons.

EEC state-owned industries may stand to benefit from Court ruling

BY A. H. HERMANN, LEGAL CORRESPONDENT

AN IMPORTANT ruling which may give essential state-owned industries a competitive advantage over private industry throughout the European Community has been made by the European Court.

In a case pitting Campus Oil and other oil companies against the Irish Minister for Industry and Energy, the Court upheld Irish regulations compelling importers of petroleum products to buy a proportion of their requirements from a state-owned oil refinery at higher-than-market prices.

The Dublin High Court had asked the European Court whether regulations amounted to a quantitative restriction on imports prohibited by the EEC Treaty and, if so, whether an exemption from this prohibition can be granted on grounds of public security according to Article 36 of the Treaty. The Court gave an affirmative answer to both questions.

Justifying the exemption, the Court gave a fairly wide interpretation to "public security." This may be used on future occasions by any publicly owned enterprises in the EEC as long as they supply essential materials or equipment whose importance is greater than a purely economic one.

The Court took into account the existing Community scheme for ensuring supplies of crude oil and petroleum products, but concluded that these supplies were of such importance to a modern economy that measures safeguarding a minimum supply at all times were essential to public security. It stressed that the quantity of petroleum products covered by purchasing obligations, such as those in force in Ireland, must not exceed the minimum necessary for its essential public services and for the population's survival.

A government might demand obligatory purchasing at higher prices if the production of the state-owned refinery could not be sold freely at competitive prices on the market. Quantities should not be greater than necessary to maintain the level of production indispensable for keeping the production capacity available for an emergency. The state-owned refinery should be enabled in this way to continue refining the crude oil bought by the Government under long-term contracts.

Our Dublin correspondent adds: Oil companies warned yesterday that the ruling, if upheld by the Irish High Court, meant that pump prices would remain up to 4p a gallon higher than necessary, because of the requirement to buy from the Whitegate refinery.

The semi-state Irish National Petroleum Corporation, which operates the refinary, has admitted that Whitegate does add to pump prices, but maintain that the correct figure is 2p and not 4p per gallon.

Andropov is dead but Andropovism is alive and well

David Buchan reports from Moscow in the second of two articles

SOME SOVIET officials may occasionally complain discreetly to Western diplomats that the passing of Mr Yuri Andropov removed a leader of higher calibre and tougher mettle than the present incumbent of the Kremlin. But President Konstantin Chernenko is in fact pursuing Andropovism on the home scene in substance though perhaps not in style. He puts slightly less public stress on the need for discipline and slightly more on the quest to meet consumer wishes.

There is a general belief among Soviet citizens that there should not be, and probably will not be, a return to the laxity of the past years under Mr Leonid Brezhnev, Mr Andropov's predecessor. In Uzbekhistan, a clean-out of top officials, including the Republic's second party secretary, Minister of Interior, KGB and police chiefs, is still taking place, though most of the initial hatchetwork probably took place under Mr Andropov. This follows similar purges for corruption or malfeasance in Georgia, Belorussia, even the relatively well run Republic of Latvia.

The other element of Andropovism—the introduction of limited managerial autonomy in selected sectors—is also moving ahead. So far, managers in two nationwide ministries—electrical machinery and heavy and transport machine-building—and in the food and light industries in three republics (Ukraine, Lithuania, Belorussia), have been given a bigger say in local allocation of funds and disposal of profits.

According to Mr Lev Voronin, deputy chairman of Gosplan, the state planning organisation, this "experiment" will be extended from the start of next year to other all-union ministries — machine tools, agricultural machinery, energy equipment, chemicals, automation and measuring instruments—and to other sectors in the republics of Latvia, Armenia and the Russian Federation.

Last year some resistance to the Andropov managerial experiment appeared to be developing, particularly from the veteran chairman of Gosplan, Mr Nikolai Baibakov. In retrospect it seems that Mr Baibakov was simply warning against "over reporting" of the changes in the West, and cautioning that the Soviet Union was not about to become another Hungary or abandon detailed central planning.

When three Soviet economists were asked last week whether the recent Comecon summit's encouragement to "direct ties" between enterprises in different Comecon countries meant that Soviet ones might be allowed to bypass Gosplan and deal with foreign socialist counterparts directly, they replied with a chorus of "nyet."

These changes are needed to help sustain the recently improved performance of the economy. Thanks in part to the Andropov discipline campaign, industrial output rose by 4 per cent last year, agricultural production by 5 per cent and labour productivity by 3.9 per cent.

Figures published last week showed that hard currency exports to the West rose 10 per cent while imports declined by 16 per cent in the first quarter of this year, putting the Soviet Union in unusual surplus with the West for this period of its trading year.

There is, however, renewed concern about oil output, which accounts for more than half Soviet hard currency earnings, and perennial anxiety over agriculture.

Oil production dipped in the last quarter of 1983 and the first quarter of this year, though April and May saw an upturn in the rate of extraction.

Western experts estimate that this year's grain harvest will be around 190m tonnes, about the same as last year's, because drought in the Volga basin and North Caucasus has eased. Thus, the Soviet Union is likely to be able to keep its grain imports to within 35m tonnes.

However, concern about the harvest is not yet at rest. Mr Michael Gorbachev, who has special responsibility for agriculture, has been touring farm areas urging greater effort, and the Soviet Union is already on the world market buying grain and cotton.

In the longer run the Soviet Union is looking for more help from its smaller, and in most cases more prosperous, partners in Comecon. Last month's Comecon summit in Moscow set several broad goals, such as better Soviet bloc co-operation in electronics and high technology and a better return for Soviet energy and raw materials in terms of higher grade East European manufactures and food.

The Communist party leaders of the Comecon countries bothered themselves little with detail, such as a new rouble price formula for Soviet oil. The long process of thrashing out new barter arrangements has begun—these are the bedrock of the Comecon trading system—with for instance the recent dispatch to Bulgaria, Moscow's most closely integrated trading partner, of a high-level Soviet delegation.

But the real fruits of the Comecon summit are likely to emerge over the next 18 months, as the Soviet bloc countries launch themselves in 1986 into their next five-year plan.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. U.S. subscription rates \$420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

OVERSEAS NEWS

France backs UN talks on Mideast

BY RAMI G. KHOURI IN AMMAN

FRANCE and Jordan have agreed that a UN-sponsored conference is the most logical means of breaking the current deadlock in Arab-Israeli peace-making efforts.

President Farncois Mitterrand nf France left fnr Paris via Cairo yesterday, after supporting a Jordanian call for such a conference, whicb would inclnde the 15 members of the UN Security Council and the Middle Eastern parties most directly involved—Jordan, Syria, Egypt, Lebanon, Israel and the Palestintans.

The Palestinians would bave to be renresented by the Palestine Liberation Organisation, whose leader, Mr Yasir Arafat, discussed the conference idea in Geneva on Tuesday with Sr Javier Perez de Cuellar, UN Secretary-General.

During his two-day visit, President Mitterrand repeatedly stressed France's preference for direct negotiations among the Middle Eastern protagonists, but said the next best alternative would be a UN-sponsored conference.

Israel and the U.S. have repeatedly rejected the UN conference proposal.

The Jordanian-Frinch position bas crystallised an emerging consensus among Arabs, Europeans and Soviet bloc countries that favours sucb a conference as the best mechanism to revive Middle East peace efforts.

King Hussein of Jordan, in a joint press conference with President Millerrand on Tuesday evening, said that United Nations Security Council Resolution 242 cannot be cbanged or compromised, as it nrinciples remain the foundation of pan-Arab peace proposals.

"Total Israeli withdrawal for total peace should be the concepr of any solution to the Middle East problem," the king ssld.

Senlor Jordanian officials said privateiy they were pleased by the result of the visit, and boped that French efforts to persuade Israel and the U.S. to join such a conference might bear fruit after the Israeli elections later tbis month and the U.S. elections in November.

King Hussein sounded a repeatedly sombre note during the Frencb President's visit, saying that a United Nations peace conference is tbe "last cbance" for peace. "I feel we are close to the moment wben we would lose all hope of achieving a just peace," be said.

In their three meetings, the two leaders also discussed the Iran-Iraq war. President Mitterrand empbasised that French arms sales to Iraq are consistent with tbe relationship beiween friends, but that France was not hostile to Iran and hoped the Gulf war could be ended througb negotiations.

Egypt said yesterday that France has agreed tn allow it to sell French arms to be assembled in Egypt, including the sophisticated Mirage 2000 combat aircraft, to third countries in Africa and the Arab world, writes Charles Richards from Cairo.

The deal was agreed in principle two years ago, but this is tbe first indication that it would now be put in train. Details are expected to be revealed wben a French mission arrives in Cairo next month.

The announcement coincided with French President François Mitterrand's stopover in Cairo yesterday for talks witb Egyptian President Hosni Mubarak, whieh centred on ways of settling the Arab-Israeli conflict, endlog the Iran-Iraq war and the Lebanese situation.

● Mr Claud Cbeysson, Frencb Foreign Minister, was dne in Israel last night for brief talks wtth Israeli leaders and to report on M Mitterrand's visit to Jordon, writes David Lennon from Tel Aviv.

M Cheysson was *also* expected to discuss Lebanon and the prospect for a Mtddle East peace conference during a meeting last nigbt with Israel's Prime Minister, Mr Yitzhak Shamir, before flying to Damascus.

Israel frees 2 more from hijacked ferry

By David Lennon in Tel Aviv

ISRAEL has reieased two more of the passengers held since its gunboats bijacked a Beirutt-bound Cypriot ferry two weeks ago. Two passengers are stiil detained.

The International Red Cross said the two released yesterday morning were handed over at an Israeli checkpoint on the Lebanese border.

Nine people were taken off the Cypriot ferry Alisur Blanco after il had been halted at sea and forced to diverl to Haifa. The remaining 52 passengers and 24 crew were interrogated and photographed before the ship was allowed to sail to Beirut a day late.

The Cypriol and Lebanese Governments prolested at the action, accusing Israel of piracy aod of vioiating the internationai code of human rights.

Israel justified the hijacking as pari of its continuiog war against ihe Palestinian guerrillas. Officials ciaimed the ship had been stopped because of information that some of those on board had beeo pianning a sea-launched attack against Israel.

Labor Party endorses alliance with U.S.

Australia's Prime Minister Mr Bob Hawke sucessfully defeated attempts yesterday by the left-wing of his Labour Party lo end the Anzus Treaty with New Zealand and the U.S., close three American bases in Australia, and ban visits by nuclear-powered U.S. warships, AP reports from Canberra.

Delegates to the current biennial conference are formulating the Labour Party's platform, and Mr Hawke's Government, elected 16 months ago ,is bound by conference decisions.

Ivory Coast to press for more funds next week

BY PETER BLACKBURN IN ABIDJAN

THE IVORY COAST will continue efforts to obtain fresh money together with a rescheduling of its medium-term public external debt in crucial talks with commercial creditors due to take place in Paris next week.

A meeting of the nine-bank steering committee representing some 350 commercial banks will discuss the Government's reqnest for $210m fresh money to pay interest and increased energy costs.

The Government's insistence on linking a demand for fresh money with the rescheduling bas enconntered strong resistance, especially from the smaller U.S. mid-Western banks. This meant that the government was unable to reacb agreement with the banks in June as planned.

Continued deadlock next week conld delay a settlement by several months because of the holiday season, and worsen the country's liquidity crisis.

Delay in rescbeduling an estimated $500m nf commercial debt due this year is putting extra pressure on the country's strained finances, especially as various international loans have also been delayed.

Malaysia current account deficit holds steady

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA'S balance - of-payments deficit on the current account is expected to be Ringgit 5.8bn (£1.7bn) for this year, or the same level as that of last year.

This is despite the substantial increase in oil and gas exports, and the general recovery of Malaysian exports, particularly in manufactured goods and commodities.

Disclosing these figures yesterday, Tengku Razaieigh, Maiaysia's Finance Minister, described the balance-of-payments deficit as the "number one" economic problem facing the country.

The anticipated balance-of-payments deficit for this year wouid bring Malaysia's deficit to a record of more than Ringgit 24bn since the balance plunged sharply in deficit in 1981, compared with a surplus of Ringgit 2.1bn in 1979.

Tengku Razaleigb said the national campaign to reduce the deficit, to be launched soon, would urge Malaysians to buy and use more Malaysian goods and services.

The Government was also studying how to reduce the Ringgit 4.8bn outflow of investment income in the form of repatriation of profits,

Indian opposition joins forces against Gandhi

BY OUR FOREIGN STAFF

INDIA'S main opposition parties yesterday launched a national campaign against Prime Minister Indira Gandhi over the dismissal last week of Kashmir chief minister Dr Farooq Abdullah.

At a five-hour meeting in New Delhi, the opposition leaders sharply criticised Mrs Gandhi and her ruling Congress (I) party for attacking democracy in India.

It is the first time since the break-up of the Janata coalition in 1979, leading to the fall of India's first non-Congress government, that all opposition parties have agreed to act together.

The fact that the opposition has joined in united action less than six months before general elections is considered an important landmark in Indian politics.

The meeting was attended by leaders of 19 parties from the far left to the far right, including Mrs Gandhi's estranged daughter-in-law, Maneka.

Dr Abdullah also took part in the talks. He was dismissed last week after Congress (I) state parliamentarians gave their support to 12 defectors of his National Conference party, leaving him in a minority.

The opposition campaign will begin today when the party leaders meet the president, Mr Zail Singh, to protest at the dismissal of Dr Abdullah and to demand the removal of Kashmir state governor, Mr Jag Nohan.

A resolution adopted by the oppostion called on the people of India to "rise in protest" against the "unconstitutional and undemocratic acts" of the Congress (I) party.

Political analysts said the meeting indicated that Congress (I) attempts to unseat state governments could become a major election issue.

Oil found in North Yemen

By Maurice Samuelson in London

A U.S. oil company yesterday said it had made the first oil discovery in North Yemen, one of the Middle East's poorest countries.

Hunt Oil of Dallas said that oil bad been struck at a wildcat well in the Marib al-Jawf basin in the North-east of the country. It was yielding 7,800 barrels a day from two depths. Further work was required to assess the basin's commercial potential.

Although oil companies have been active in the Yemen for many years, Hunt claims that this is the first successful drilling.

The company is operating under a six-year exploration and production sharing agreement signed in 1981 with Yominco, the country's oil and minerals corporation. It covers 12,600 square kilometres in a region wbere North Yemen borders Saudi Arabia and South Yemen.

AMERICAN NEWS

Argentina releases list of new generals

By Martin Andersen in Buenos Aires

THE ARGENTINE Defence Ministry has announced a list of generals to replace those who were fired or resigned in last week's military shake-up.

The list was released Tuesday night after a drawn-out meeting between Defence Minister Raul Borras and top army officers, including Brigadier General Ricardo Pianta, who last week was named Army Chief of Staff, the military's fourth highest post, replacing General Jorge Arguindegui.

The army's command was issued shortly after the Government ordered all military personnel, both active duty and retired, to co-operate fully with a presidentially-appointed commission probing the disappearances of some 10,000-20,000 people who went missing in a military-led 1970s "dirty war" against Leftist guerrillas and other dissidents.

The decree allows the servicemen to give testimony without the prior consent of their superiors and also establishes a mechanism for safeguarding military secrets.

The order was given in response to growing dissatisfaction in official circles and among human rights activists over what many here see is military obstruction of the commission's work.

It is also, political sources said, an indirect warning to the Armed Forces Supreme Council, the military's highest court, to speed up work on some 400 cases concerning human rights violations now before that body.

The army appointments were announced amid speculation about the ultimate effect of last week's reshuffle. Some military observers here say General Arguindegui's weaknesses as a disciplinarian and public figure were insufficient cause for his thinly-veiled removal.

These analysts say his replacement, General Pianta, is a much weaker figure, less likely to effectively juggle mushrooming disenchantment in the barracks

Other observers however say that in the absence of a longer range plan for the restructuration of the armed forces, the Alfonsin Government is content to keep the military top echelons in a weakened condition.

Guatemala political mould still retains its shape

David Gardner in Guatemala City studies the result of the country's elections

"THE (Guatemalan) army hasn't become democratic out of conviction, or because the holy ghost passed overhead. It has taken a strategic decision to opt for the democratic process and that decision is therefore reversible."

This was the sanguine view offered last week by Sr Vinicio Cerezo, otherwise jubilant at the victory of his Christian Democratic Party, which came out ahead in the July 1 constituent assembly elections designed to pave the way for a return to full democracy in Guatamala next year.

The elections revealed a sea-change in Guatamala's blood-premature of a redistribution of power held by the armed forces and its far right and business allies since the reformist government of Sr Jacobo Arbenz was ousted in a CIA-organised coup 30 years ago.

The parties of the centre, led by the Christian Democrats, polled more than a third of the votes, while the National Union of the Centre (UCN), a one-year-old, self-proclaimed centrist party launched by newspaper publisher Sr Jorge Carpio, pushed the neo-Fascist National Liberation Movement (MLN), into a por third place.

The mould of Guatamalan politics, shaped by continuing military-inspired violence that has almost wiped out the democratic opposition at all levels and by decades of rigged elections, is far from broken. The democratic left—as well as the mauled, but still vigorous, guerrilla left—was unable or unwilling to take part. Blank and spoiled balots accounted for the largest bloc of votes.

Nevertheless, the elections have thrown into relief a shift in strategy by the military and their supporters. The army's 23 regional commanders decided in January and February that it would be better to withdraw from the forefront of politics. This was both to restore their own cohesion—seriously damaged by faction fighting for power and privilege—and more important because they realised that a return to democratic forms would unlock the vaults of U.S. aid, suspended in 1977 after the regime refused to improve its human rights record.

At the same time sectors of the landsowners and business community, traditionally backing the military, have tilted towards reform. They have become resently of the increasingly powerful role of the military in running the economy. Also they have found themselves financially squeezed, thrown back onto a tiny domestic urban market by the spread of war in Central America and the dislocations caused by the army's counter insurgency campaign to the rural economy.

Last year, U.S. economic aid to Guatmeala, excluding $54.6m in commodity credit guarantees, totalled $27.5m. This is due to rise to $33.6m this year, and $96.4m next, when $10.3m in so-called "non-lethal" military aid is also scheduled (Washington has already allowed through a $2m cash-for-spare parts deal).

The army is proud that it has contained a threatening left-wing insurgency without U.S. aid, relying instead largely on Israel, and on South Africa, Venezuela, Argentina, Taiwan, and the expensive open market. With Israeli help they have built a munitions plant producing bullets for *M-16* and *Galil* assault rifles. But its costs are high and efficiency low because ex-President General Romeo Lucas Garcia sited it in his home town of Coban, an area of high humidity.

One Western military observer described the 30,000 man army as the best "tooth-and-tail" outfit in Latin America with about half its strength in the field at any one time. (The U.S. average in Vietnam was 12 to 14 per cent of combat strength). However, the army is past the "red line" mark in the upkeep of nearly all its ageing equipment. Thus, despite the military's claims of outright victory against the insurgency, U.S. aid would certainly be welcomed.

The army's total war against the guerrillas has forced them out of many of their strongholds and on to the defensive, but this has placed enormous strains on the country's social fabric and the economy. Over 20,000 people, mostly peasants from the country's Mayan Indian majority, are thought to have been killed in the past four years. Killings have dropped from their peak during the 1982-83 "pacification" campaign, but are still running at 124 a month, with "disappearances" rising to 42 a month, according to the cautious figures used by the U.S. embassy.

Guatemala's extravagantly beautiful countryside has been militarised, transformed into an archipelago of large estates, garrisons, and "strategic hamlets," 40 of which have been built or are under construction. The counter-insurgency campaign has disrupted the peasant economy and culture, displaced hundreds of thousands, and established a rule of fear through the 800,000-strong civil defence patrols, recruited by forced conscription.

The army has allocated itself $145m of this year's $1.3bn budget, contributing heftily to a deficit expected to top $500m. The rising deficit prompted the IMF to suspend the second half of a $120m standby credit this month, exacerbating a growing foreign exchange shortage. Despite an apparently manageable foreign debt of around $2bn, Guatemala has secured only one commercial credit, for $75m, in the last three years. The dispute with the IMF centres on the military government's unwillingness to introduce fully an agreed tax reform package, built around the introduction of VAT.

The army has also in recent years developed its own economic muscle. It has a bank and an insurance company. Control extends over some 40 public companies, one of which, the national carrier Aviateca, is widely believed to have been used as a "cash-cow" for military purposes; the management of major public works projects like the Chixoy Hydro-electric Plant, which has overshot its original $360m budget by some $500m; interests in land and industry, often through third parties, and in two private TV channels, 11 and 13, as well as its control over the state-owned Channel 5.

Under pressure from the private sector, the military backed off from more ambitious *projects*. They were for example, intending to set up a cement concern with South African capital, which would have challenged the monopoly position of Cemento Progreso, owned by the leading Novella family, according to local business sources. The private sector has reacted with hostility to the army's transformation from guardian of its interests into potential competitor, and has totally opposed increased taxes.

Sr Cerezo explained that, while ten years ago the Chamber of Agriculture refused to receive a Christian Democrat delegation, last month, the chamber's officials were seeking him out. "Contracting markets demand some form of land reform," to expand the national consumer base, he said.

But the main shift in business support, traditionally four-square behind the MLN, the self-styled "Party of Organised Violence," has been to the National Union of the Centre—"a shift from the murderous to the civilised right," as one Social Democrat leader describes it.

Sr Carpio, the UCN's flamboyant leader, is safely Reaganite in his supply side economics and his view that Washington's Central America policy has saved Guatemala from becoming another Nicaragua.

As General Guillermo Echeverria, a leading figure in the army until ousted last year after *calling for* a return to democracy, encapsulates it: "The traditional right has to resign itself to losing a portion of power in order to survive and avoid taking Guatemala towards catastrophe."

Vinicio Cerezo, leader of the Christian Democrats, casts his vote in the Constituent Assembly elections in Guatemala

Mondale keeps them guessing on choice of running-mate

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. was kept guessing yesterday by Mr Walter Mondale, the prospective Democratic challenger in November's U.S. presidential election.

He continued to keep the country speculating about his choice of vice-presidential running mate—the main item of political interest in the run-up to next week's Democratic convention in San Franciaco.

The spotlight settled on Mrs Geraldine Ferraro, the New York congresswoman, who is favourite of numerous party and women's leaders.

Mr John Reilly, Mr Mondale's chief adviser on the choice of running mate, visited Mrs Ferraro in San Francisco.

Some party leaders, and Mr Mondale's own advisers, are growing impatient with his Upublic cat-and-mouse game over the vice presidency. They have urged him to take the unusual step of announcing his running-mate this week, before the convention opens on Monday.

On Tuesday, Mr Mondale said that it was possible, though not certain, that he would do so.

Mr Mondale maintained that the convention would be one of the most unified in recent democratic party history. However, there were fresh rumblings of discontent from the Rev Jesse Jackson, the black presidential contender, who appears to feel slighted over by Mr Mondale's treatment.

Mr Jackson attacked Mr Mondale for fallnig to consider him for the vice presidential candidacy, in spite of his impressive performance in this year's democratic primaries and caucuses. Mr Jackson suggested this was because Mr Mondale had never seriously entertained the idea of a black running-mate and because of pressure from Mr Mondale's Jewish political allies.

Tension betwene Mr Jackson and Jewish leaders continued at a high pitch as the American Jewish Congress called on party leaders to "act promptly to finally repudiate" Mr Jackson, who has been accused an anti-Jewish *attitudes*.

Sen Dale Bumpers, of Arkansas, who has discussed the Vice-Presidency with Mr Mondale, yesterday announced that he was definitely withdrawing his name from consideration. Others known to have withdrawn are Governor Mario Cuomo, of New York, once believed to be Mr Mondale's favourite, Sen Sam Nunn, of Georgia, and Governor Bob Graham, of Florida.

Aides to Mr Gary Hart said the Colorado senator had pretty well decided on his own choice for running-mate.

Proposals for tougher U.S. bank rules on capital

BY PAUL TAYLOR IN NEW YORK

U.S. BANK regulators have proposed a set of unified and tougher rules covering U.S. bank minimum capital requirements. The rules would replace existing guidelines with specific requirements for the first time.

The new rules which, if implemented, would immediately affect about 700 out of the nation's 15,000 commercial banks, would require them to *maintain a minimum ratio of* primary capital to assets of 5.5 per cent. As such, some U.S. banks could be forced to raise millions of dollars in new capital or shrink their assets.

The rules, proposed by the Federal Deposit Insurance Corporation (FDIC) and being considered by the U.S. Comptroller of the Currency and the Federal Reserve Board, appear to be in response to congressional concern about the stability of some U.S. banks with large outstanding loans to less developed nations.

Until now U.S. banks have not been subject to mandatory *minimum capital requirements* although *in* separate actions the Comptroller's office and the Fed have established guidelines suggesting a 5.5 per cent ratio for community banks and 5 per cent for regional banks.

Mexico may drive hard bargain at debt talks

By Peter Montagnon, Euromarkets Correspondent

MEXICO is expected to drive a hard bargain with its commercial bank creditors when it opens formal talks on Monday on a new deal to reschedule much of its public sector debt that falls due during the rest of this decade.

The talks in New York start with Mexico in a strong negotiating position. Already it has been promised a favourable deal by top international bankers as part of their policy of rewarding Latin American countries that perform well in the task of turning round their balance of payments.

The final shape of the Mexican deal may not be agreed until early autumn, but it is clear that it will cover debt falling due for several years ahead and will carry a longer maturity and lower interest margin than any rescheduling arrangement since the debt crisis started.

Mexican officials have already said they want banks to end their practice of charging an interest margin over the U.S. prime rate which is normally higher than the alternative eurodollar deposit rate. Prime-based deals allow banks to reap excessive profits from debtor countries, Mexico believes.

Some bankers fear Mexico will also exploit its strong bargaining position to seek a rescheduling of all public sector debt falling due till the end of 1990 and possibly even later. It is also likely to aim for a final maturity on the new deal well into the second half of the 1990s.

Such a deal would commit bankers to rescheduling debt that matures after President Miguel de la Madrid's term of office expires at the end of 1988. By confining the arrangement to debt falling due within this period Mexico would still be able to eliminate the repayment hump it faces in 1987 and 1988, bankers argue.

The negotiations will be followed *closely by other Latin* American debtors, notably Brazil which has been promised a favourable deal if it continues to perform well under its International Monetary Fund economic programme.

WORLD TRADE NEWS

Airbus may impose more sharp cuts in output next year

BY DAVID MARSH IN PARIS

AIRBUS INDUSTRIE, the European airliner consortium, looks likely to make further sharp cuts next year in output at its Toulouse assembly plant in view of a growing number of unsold wide-body aircraft and the only modest recovery in international airline demand.

A production cut to as fow as 30 aircraft next year compared with an anticipated 45 in 1984 looks likely above all to limit financial risks faced by the three major Airbus shareholders in France, West Germany and Britain.

The likely cut in output is in bleak contrast to Airbus's original plans before the airline market recession to boost annual production to about 100 planes by 1984. Boeing, tho dominant civil aircraft manufacturer, has also suffered from the downturn in the market but has been helped crucially by ability to mix sales of wide- and narrow-body jets and its much greater capacity to trim staff compared with European aviation companies.

Airbus has picked up abgut a dozen orders for the wide body A300 and A310 jets since the start of the year and has also been comforted by the formal launch of the A320 narrow body airliner programme ready for delivery in 1988. Air India last month confirmod it is buying six A310 jets after a bitterly fougbt tussle with Boeing.

But Aerospatiale, the French nationalised group which is the main Airbus shareholder along with Messerschmitt - Bielkow-Blohm of West Germany, is taking a particularly cautious line over the need to adapt Airbus production to sluggisb demand, even though it betioves sales eventually will recover.

Aerospatiale has just disclosed a FFr 357.5m (£30.8m) loss for 1983, its first for five years, caused by a FFr 1.9bn increase in provisions caused partly by risks associated with the Airbus.

M Hendri Matre, the Aerospatiale chairman, pointed out last month that unsold Airbuses on the Toulouse production line—of whicb there are now about 20—together with other excess stocks created costs for future years and necessitated an "extremely prudent" policy of making provisions.

Pan Am considers leasing A-300s for U.S.

BY LESLIE COLITT IN BERLIN

PAN AMERICAN World Airways may lease A-300 wide bodied aircraft from Airbus Industrie for use in the U.S. and possibly on its internal German services—routes it operates from a variety nf West German cities into Berlin.

Pan Am's chairman, Mr Edward Acker, and vice-chairman, Mr Gerald Gitner, held discussions recently with Herr Franz - Josef Strauss, the Bavarian Prime Minister, wbo is also chairman of the supervisory board of Airbus Industrie, the Anglo-French-German - Spanish consortium.

The company has not committed itself to the Airbus—it has also had talks with McDonnell Douglas and Boeing of the U.S. for replacement aircraft for its 737-200 aircraft now used on the German operations. The Boeing 737-300 and the McDonnell Douglas Super 80 are also being considered.

A West Berlin newspaper said Pan Am experts were negotiating in Toulouse nn the possible leasing of eight unsold Airbus A-300s. The newspaper said some of the aircraft would be used on the most heavily frequented of Pan Am's routes between West Berlin and West Germany while the others would be put into service in the U.S. Pan Am said it could not comment nn the report. Until now Eastern Airlines is the only U.S. airline to bave bought the Airbus.

● The belicopters divisioo of the French state-owned company Aerospatiale said has won an initial order from the Chinese Government for six of its Super Puma belicopters.

French in U.S. deal to seek Aids test

By Our Paris Staff

FRANCE'S public sector Pasteur research institute with Genetic Systems, a medical company based in Seattle, tn commercialise internationally diagnostic tests for Acquired Immune Deficiency Syndrome (Aids), the mystery killer disease which wipes ont the body's immunity to infection.

The accord was signed with the Institut Pasteur's commercial subsidiary, Institut Pasteur Productinn, which is jointly owned with the Sanofi drug company of the Elf Aquitaine gronp. It represents an important bid by France to develop a vaccine for the illness, prevalent among bomosexuals, which has affected about 4,000 people since it was recognised three years ago, killing half of them. The immediate commercial interest is in scanning blood products to ensure that carriers do not pass on Aids, for instance through blood donations.

The announcement marks a further step in rivalry between French and U.S. scientists over responsibility for discovering the cause of the disease.

Tho transatlantic partnership could give rise to a patents battle between France and the U.S. over the commercial exploitation of Aids dianostic tests — a market worth many millions of dollars.

Old UK power plant for Malta

By Maurice Samuelson

TWO turbines from a British power station have been sold to Malta in wbat tbo UK Electricity Council calls "the first major overseas sale nf redundant power plant."

The two 60 MW units come from the coal-fired Littlo Barford station near St Neots in Huntingdonsbire.

They will be installed in an extension to tbe Marsa power station in Valletta

Malla is understood tn bave paid less than £1m for the turbines which, the Electricity Council says, "will continue to run for many years."

Tourism becomes key factor in plans to cut Hungary's debt

BY LESLIE COLITT IN BERLIN

HUNGARY, which together with Bulgaria is Eastern Europe's leading destination for Western tourists, says that 700,000 Westerners visited the country in the first four months of this year, 23 per cent more than in tho same period last year.

Spending by Westerners increased 13 per cent to givo a surplus on the tourist account of $38m which was $4m moro than in 1983. Tourism is Hungary's second largest hard currency earner and has berome a vital element in plans to reduce the convertible currency debt. Last year 550,000 Hungarians travelled to the West, a figure expected to rise 3.6 per cent this year.

In Bulgaria, which had a drop in Western tourists in recent years, a tourism official said bookings for holidays at the Black Sea are running well ahead of last year and that between 6 and 7 per cent more westerners are expected this year.

The main group of Western tourists, from West Germany, dropped from 191,000 in 1981 to 158,000 last year. About 10,000 fewer West Germans are expected to come this year as Bulgaria caters to tho lower income travel market in West Germany wbich has been worst hit by the recession.

Britain sent the second largest number of tourists from the West in 1983, 50,000 compared with 54,000 in 1981. Mr Todor Nanov of the Bulgarian Tourism Association said in a recent interview that the number of British bookings this year is up sharply and is expected to exceed last year's total by 30 per cent. He said British tour operators book higher category hotels than their West German counterparts.

A Bulgarian Black Sea resort—tonrism income on the rise.

Both Hungary and Bulgaria are the major holiday countries for East Europeans, with 5.1m Eastern tourists visiting Hungary last year. Some 1.4m East European holidaymakers went to Bulgaria.

Mr Nanov noted that negotiations are under way with the main East European countries which send tourists to Bulgaria to have them build hotels for their nationals at the Black Sea. Until now Bulgaria rould not satisfy the demand for hotel space from East Germany, Poland, Czechoslovakia and Hungary.

"They would provide the investment funds," Mr Nanov explained "and we would provide the natural resources — sea, sunshine and food."

Philippine nuclear plant faces finance problems

BY EMILIA TAGAZA IN MANILA

THE PHILIPPINES' controversial first nuclear plant is set to be ipaded with its first uranium fuol next month, and to start commercial operations in January next year amidst emotionally cbarged questions over its safety and cost.

When the project began eight years ago, its estimatod cost was $1.1bn (£846m) but long construction delays, rising financing charges, cost overruns and additional safety features has pushed the total cost to almost £2.6bn.

Tho National Power Corporation (NPC), whieb owns and manages the project, is now trying to raise about $60m before year-end to pay interest on construction loans falling due next year.

However, it is doubtful whether NPC will abie to raise the required amount and creditors may be forced to rescbedule loans. The Philippine Government has suspended paymeots on principals of foreign loans since October last year. As a result there has been only a trickle of foreign funds into the country.

The reactor itself and its installation, which is being undertaken by Westinghouse of the U.S. under a turnkey contract, costs about $1.1bn including the civil, electrical and mechanical works.

Of the total cost, $1.5bn required foreign exchange. Almost half of this—$676m—was raised with the help of guarantees from the U.S. Export-Import Bank (Eximbank).

Construction of the 620 MW plant was suspended for more than a year io 1979, after the accident at the U.S. Tbree Mile Island nuclear plants in pennsylvania triggered strong opposition to the Philippine project. The Government was forced to halt construction to re-examine its design.

One of tbe most controversial aspects of the Philippin plant is its location on a peninsula in Central Pbilippines, about 20 km from an earthquake belt and 16 km from two dormant volcanoes.

eWstinghouse says that 10 of the I 1additional safety features recommeoded by the U.S. National Regulatory Council after the Three Mile accident bave oow been Incorporated into the Philippine plaot. NPC says the additional safety features cost $390m.

The NPC says the nuclear plant will save $160m worth of crude oil imports a year.

Channon likely to press UK Bulgaria contracts

BY PATRICK BLUM AND DAVID BUCHAN IN SOFIA

A U.S. Senate decision vote last week to deny Government promotional funds for trade with Bulgaria on tbe grounds that it is a terrorist state might, if carried through, create better sales opportunities for other Western countries, Mr Cbudomir Alexandrov, the first Deputy Prime Minister of Bulgaria said yesterday.

British rompanies are currently trying to win three major new contracts in Bulgaria, and tbese are expected to be pressed by Mr Paul Channon, the UK trade minister who arrived here for three days of talks yesterday.

Bulgarian officials take the U.S. Sante vote primarily as a political slight, conceding that the economic impact will be minimal. One possible British cootract—the bid by GEC-Plessey to sell Bulgaria the "System X" telephone exchange developed for British Telecom —is in any case held up by negotiatioos among Western allies in the Paris-based co-ordinating committee (CoCom) to tigbten western controls on techoology sales to the Soviet bloc. The U.S. has argued that sophisticated telecommuniations have a military role.

Tbe other Britisb contract negotiations concern bids by ICI to refit a petrochemical plant and by Rank Xerox to licence local manufacture of its copiers. Even here, the Bulgarians are concerned that future Western restrictions might curb supply of components.

Bulgaria's trade with the UK, though well behind that with many West European countries, is considerably bigger than that with the U.S. Mr Ivan Gospodinov, a Bulgarian foreign trade ministry director, said that trade with Britain was hampered by the exchange rate instability of sterling and natiooal quotats which the EEC permits member countries to impose on eastern state trading countries. Mr Channon is likely to hear these complaints in his talks with senior Bulgarian ministers.

Six British companies, ICI, Shell, John-Brown, Cadbury-Schweppes, General Motors Europe, and Northern Engnieering Industries, have Industrial co-operation agreements with Bulgaria. Mr Gospodinov hoped the Channon visit would expand these economic ties.

Some U.S. companies have reassured Bulgaria in the past week that their trade will continue, officials bere say.

A healthy boost for UK medical exporters

By Our Trade Editor

TWENTY-FIVE Middle East and Asian civilian and military health officials have been invited to Britain to hear an unusual joint sales pitch by UK medical export companies.

Described as "a top-level planning and policy ronference," to be held at Leeds Castle in Kent for the next four days, the event is a disguised marketing effort to revive a flagging British share of a still-lucrative business

Nine companies have rontributed nearly £100,000 between them to entertain the conferees. The Department of Health and other Ministries, despite initial misgivings, have endorsed the exercise

The companies themselves have called a competitive truce in order to show that Britain can present the kind of united front that they say the French, West Germans, Americans, Japanese and South Koreans are demonstrating in the Middle East.

They have agreed that any business resulting from the conference will be pooled. However, as one participant confirmed, that is unlikely to stop some discreet private lobbying of the captive officials.

Some countries, like Libya, have been excluded on political grounds, others for lack of commercial Interest. To make up the numbers, Indonesia, Malaysia and Pakistan have been included in what is otherwise a predominantly Arab audience.

To signal Government endorsement, the conference is to be opened by Mr Kenneth Clarke, the Minister for Health.

According to the industry's trade association, the British Health-Care Export Council, contracts for new hospitals in the Middle East are drying up, but renovation of some earlier botched hospital contracts, and the supply of equipment, management and training provided good prospects.

Some of the visitors will spend next week visiting British military medical estiblishments as the guests of International Military Services, a contracting rompany wholly-owned by the Ministry

UK NEWS

British Steel cuts its trading loss by £200m

BY PETER BRUCE

BRITISH Steel Corporation (BSC), the state-owned industry, has cut its trading losses by nearly £200m. It made a loss of £128m in 1983-84, compared with a £318m deficit the previous year. Its loss on trading after interest was £174m, £7m within target.

Mr Robert Haslam, chairman of BSC, warned in the annual report published yesterday that the coal miners' strike had virtually destroyed any hope of the corporation breaking even this year and thereby achieving an important corporate target.

Mr Haslam said BSC would have come close to breakeven in 1984-85 "until our recovery was, frustratingly, blown seriously off course by the miners' strike."

The notes to the accounts also warn that because of the strike the corporation may not be able to stay within the £275m external financing limit, or subsidy, set by the Government last October.

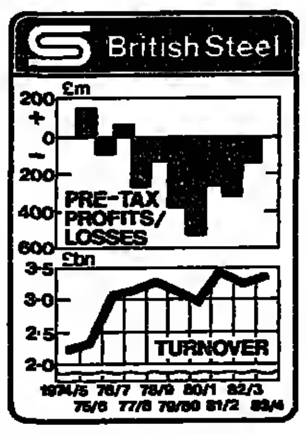
The report carries a strong hint that BSC is continuing to press for the closure of one of its five integrated steelworks. Mr Haslam said the BSC board had been "having another radical look" at the business and had presented a set of strategic objectives to the Government.

He said the corporation had been disappointed by the report of a parliamentary committee earlier this year. The report had recommended that all of BSCs threestrip mills should be kept open in the hope that market share would improve. It criticised the "piecemeal" approach adopted by BSC in privatising its businesses.

Mr Haslam commented: "The report and recommendations of the committee, when published, were disappointing and irreconcilable with our need to be free of state aid by 1986-87.

BSC has been involved in protracted negotiations with Guest, Keen and Nettlefolds on merging their engineering steels businesses in a scheme, widely known as Phoenix Two. This will combine GKN's Brymbo works in Wales with a number of BSC's special steel plants around Sheffield, Yorkshire.

The annual report reveals that BSC has a further 13 separate negotiations concerning privatisation, either as total disposals or joint ventures, involving BSC assets worth about £75m.



The corporation's total losses dropped from £869m to £256m, an improvement due largely to the slowdown in job cuts and plant closures. Rationalisation and other exceptional costs fell £404m to £79m.

Turnover increased 3.9 per cent as higher steel consumption in the UK, coupled with an end to destocking, led to recovery in UK sales volumes of 4 per cent and 18 per cent in export volumes.

Lex, Page 22

Lloyd's underwriters face £30m tax bill over Minet affair

BY JOHN MOORE, CITY CORRESPONDENT

MORE THAN 1,000 underwriting members of Lloyd's, the London insurance market, face a £30m tax bill arising from the alleged misappropriation of at least £38m of their funds by former executives within the Minet Holdings group.

A major row has now broken out in the Lloyd's community among underwriting members, who have been seeking to recover more than £38m which was channelled out of their funds over a 14 year period between 1968 and 1982 by former underwriting executives in the Minet Holdings group.

The Inland Revenue is taking a tough line because it has argued that the money, allegedly diverted for the personal benefit of the former underwriting executives, was channelled out of the members' funds in the form of commercial business contracts.

Minet has alleged that the diverted funds were channelled out of the insurance syndicates into which the members were grouped in the form of "reinsurance premiums" to companies controlled offshore by the former underwriting executives. The Revenue, in the past, has allowed reinsurance premiums to be treated as a tax deductible expense item.

The Inland Revenue now says that reinsurance premiums were not a proper deduction for computing the profits of the members for the tax periods between 1970 and 1980 and has concluded that the taxable profits were understated. It is seeking to recover the arrears of tax and intends to charge interest on them.

It is understood that the Revenue is seeking to tax £19m of funds in past underwriting accounts which was shown as "reinsurance premiums." It is also seeking to tax £19m of funds in accounts which have not been closed and a further £7m on rollover funds, which the Revenue is regarding as a device designed to reduce the level of tax liabilities.

The Revenue's attitude has alarmed underwriting members who were preparing to accept a £38m compensation offer for the missing money from Minet. Because of the tax treatment many of the 350 members who indicated that they were prepared to accept the offer are now withdrawing their acceptances before the deadline for the offer closes on July 19.

£30m tax relief for owners of ships

By Kevin Brown

THE GOVERNMENT last night announced a tax concession to shipowners worth up to £30m a year.

Mr John Moore, Financial Secretary to the Treasury, told the House of Commons that free deprecintion for new ships, which shipowners have enjoyed since 1961, is to be continued.

The system is to be changed, however, to take account of the phased abolition of capital allowances, announced in the budget earlier this year.

The change is intended to ensure that spending on new ships is not treated any less favourably for tax purposes than spending by other companies on machinery and plant.

The main effects are to protect companies from being adversely affected by the transitional relief arrangements involved in the phased withdrawal of first-year allowances, and to put companies on the same basis as individuals for the purpose of claiming writing down allowances.

Mr Moore said shipping was particularly vulnerable because of the worldwide recession in the industry.

COMPANIES PREPARE FOR DISRUPTION

Dock strike slow to bite on industry

BY OUR INDUSTRIAL STAFF

BRITISH MANUFACTURERS, importers and exporters shaken by the onset of the national dock strike, were yesterday trying to marshall their forces to deal with the disruption to imports and sales abroad.

Many companies said they were still having difficulty monitoring the wave of action at smaller ports not included in the initial stoppages on Monday and Tuesday. The rapid development of the strike has made it difficult for them to make predictions and switch business to unaffected ports.

Some businesses have had little time to readjust their operations and have already been hit. The British Steel Corporation was understood to have been flooded with offers of steel scrap from merchants unable to ship to new and important markets in Spain and the Far East. Scrap prices have also fallen.

At one the UK's largest scrap exporters, the Kent-based Mayer, Newman, Mr Nigel Clarkson, whose company handles the export of about 90,000 tonnes of scrap a month, described the strike as a major blow.

"I have not heard anything to give us any optimism. We have worked hard to open up places like Tilbury for heavy traffic, but if this strike lasts our customers will almost certainly go back to their traditional suppliers."

Mr Roger Stevens, managing director of Mills Marketing Services, one of the main UK importers of Japanese machine tools, said five computer-controlled machines worth a total of £300,000 had been held up at Tilbury.

Mr Mike Hughes, managing director of Still, a West German fork lift truck importer, said a cargo of trucks and components had already been held up at one UK port. "The product is too heavy to airfreight in," he said, echoing the difficulties faced by a number of mechanical engineering importers. Lighter, high technology imports could be delivered by air.

Most of the businesses approached yesterday did, however, appear to have some time left before the strike begins to bite, largely because of the slackening of sales during the summer.

The Japanese Komatsu company, one of the leading companies in construction equipment, has a "reasonable amount of stock" at the Redditch headquarters of its British Marubeni-Komatsu operation, the company said yesterday.

Before the strike, stock was coming in daily, "but we could be embarrassed on some equipment in about 14 days, while it will take longer for the strike to hit other products."

If the strike goes on, "we will find ways around it," Mr Ian Paterson, the sales director of the British company said yesterday. Komatsu has a large stocking area in Brussels. Goods could come in through Britain's "very small ports," to bypass the strike-hit docks.

Mr Paul Wright, marketing manager at Stanley Tools, said a strike would start to have an effect in about six weeks. Stanley imports a number of tools and exports about 40 per cent of its £30m annual sales in hand tools.

The motor industry will not not be disrupted for some time because most companies already have supplies to cope with the August peak sales.

Economic worries ruffle the Tory rank and file

BY PETER RIDDELL, POLITICAL EDITOR

YESTERDAY'S sharp rise in interest rates in Britain and the decision to give additional cash aid to the troubled Liverpool council, triggered a flurry of rumours around the House of Commons.

These focused on press agency reports of a "wave of deep unrest among Tory MPs" and about secret meetings by some MPs to plot against the leadership of Mrs Margaret Thatcher, the Prime Minister.

Most of the reports appeared to reflect the views of a few disgruntled MPs.

Most bizarre of all, on the eve of the 40th anniversary of the July plot against Hitler, was a lunchtime story that Mr Francis Pym, the former Foreign Secretary, was holding a secret meeting of Tory MPs to discuss the Liverpool case.

Mr Pym was prompted to reply: "We know that the Government has its difficulties and July is the silly season. But this seems the most extreme kind of invention."

Whitehall spokesmen and party officials dismissed this talk. Privately they conceded that MPs' morale may be improved only when the parliamentary recess starts in two to three weeks' time.

Whatever the current exaggerations, there is no doubt that many Tory MPs are worried by the impact of the latest rise in interest rates upon the economy, and upon the Government's political prospects, especially after the recent local government rows.

Even mainstream MPs feel that the Government's grip has been shaky in recent weeks. This has prompted some private criticism of Mrs Thatcher's performance in Parliament, but there is no evidence of widespread demands for ministerial changes.

A limited ministerial reshuffle is expected later this year, probably in early September although possibly at Christmas. It is significant that the prominent former ministerial critics of the Government like Sir Ian Gilmour have kept quiet in the last few days.

Last night, Mr Roy Hattersley, Labour's chief financial spokesman, claimed that the British economy was tottering on the brink of crisis. He said the answer was not to increase interest rates but to deal with the underlying problems of the British economy.

City council agrees not to set illegal budget

BY HAZEL DUFFY

THE Labour-controlled Liverpool council, which had threatened to pass an illegal high-spending budget which would have caused the city to become bankrupt, yesterday avoided direct confrontation with the Government by setting a legal budget for the financial year. This follows an agreement by the Government to allocate extra money to the city.

The left-wing council, however, appears to have made certain accounting adjustments to keep its promise of no cuts in local services, no job losses from its staff and no big increases in property taxes. This could lead to another crisis in the next financial year.

In the House of Commons Mr Patrick Jenkin, the Environment Secretary, had difficulty in defending his claim that the Government had not bent over backwards to accommodate Liverpool.

Mr Jenkin denied that he had treated Liverpool exceptionally. The Government says it has allocated only an additional £5.9m to the city, mainly out of urban programme funds. This amount would have enabled Liverpool to make only a small reduction in its planned £262m budget.

That budget, if approved, would have required an increase of 174 per cent in local property taxes to make up the difference between government grants and spending.

Yesterday the council voted for an increase of only 17 per cent.

Tractor sales down by 17%

BY LYNTON McLAIN

INTRODUCTION of milk quotas has "significantly hit sales of tractors" in the UK in the last few months, according to Mr Geoffrey Tiplady, president of the Agricultural Engineers Association.

He said registrations of tractors in the UK were down 17.2 per cent to 11,844 in the first six months of 1984 compared with the same period last year.

"For the first three months sales were roughly in line with expectations but decisions taken by the EEC on common agriculture policy prices and the actions to curb the surpluses caused a mood of uncertainty through April, May and June, which affected demand," he said.

"British Airways welcomes competition."

"In fact, every day British Airways competes with hundreds of foreign airlines from all over the world. Faced with that competition, it is only by providing a better service to passengers that British Airways has achieved a pre-eminent position for Britain as the world's favourite airline.

Chairman. Lord King of Wartnaby.

Now, certain of our local competitors wish to see some of British Airways' routes taken from us and handed to them on a plate. To those airlines we say this.

If they do believe in true competition let them say so and act accordingly. Let the customers decide which airline they prefer on the basis of the service offered to passengers. And may the best one win."

King

Chairman.

British airways

The world's favourite airline.

JOBS COLUMN

What private use of company car is worth

BY MICHAEL DIXON

OF THE MANY questions which regularly stump this column, none has dumbfounded it more than: "I'm being offered a company car of such and such a type—what's its value in terms of extra salary?"

As several readers know, alas, I've hitherto failed to respond to it any more helpfully than I could to: "How long is a piece of string?" The answer depends on a complex of variables, including the individual's tax position.

But today, thanks to the latest top pay review from Incomes Data Services (140 Great Portland Street, London W1; telephone 01-580 0521), the Jobs Column is able to do somewhat better.

The table up there to the right is drawn by IDS from this year's pay survey by PA Management Consultants. It takes company cars in various price brackets and values the private use of them under three different conditions.

The first is when the employer provides the vehicle and meets running costs except for the petrol for private mileage which has to be paid for by the user. The second column of estimates assumes that the company pays for the petrol for up to 8,000 miles of private use yearly, including travel between home and work. The right-hand column refers to those fortunate people whose employer meets all costs associated with the company car.

Approximate retail price of car	Estimated annual value to employee when: No non-business petrol is paid	Petrol is paid to 8,000 m.p.a.	All petrol is paid
	£	£	£
Up to £6,000	2,200	2,600	2,850
£6,001-£7,000	2,600	3,050	3,400
£7,001-£9,000	3,300	3,850	4,300
£9,001-£11,500	4,050	4,700	5,200
£11,501-£14,000	4,700	5,450	6,500
£14,001-£19,000	6,100	6,950	7,850
Over £19,000	7,450	8,400	9,150

The table's figures, which are a good deal higher than the value scales adopted by the UK Inland Revenue, are at best rough guides because so much depends on the person's and the company's circumstances.

According to another study—Hay-MSL's survey of employee benefits—the status-level as measured by salary at which staff are granted a company car in Britain is, on average, £15,300. But Incomes Data Services emphasises that the average figure conceals wide variances among industries and from one part of the country to another.

What IDS goes on to say, however, gives me the chance to offer at least one knowledgable opinion. The statement is: "The experts' figures we have looked at disagree as to what a standard replacement cycle should be . . ."

In my experience a very good replacement cycle is a Youngs lightweight frame, with dropped handlebars and a 12-speed gear among other sporty fittings at a total price of about £300.

Indeed, if you're reading this while your company car is jammed in the London traffic and a white bicycle of that kind has just swished past you, it is probably being ridden by the Jobs Column. It doesn't endow much by way of status, but it certainly makes you stronger. I haven't felt fitter for 20 years

Reviver

SOMEONE TO revivify the UK business of a European construction-materials group, first raising sales of imported products then setting up manufacturing here, is sought by Clive Taylor of Executive Appointments.

He may not name his client. So, like all other headhunters mentioned in this column who do not disclose the employer, he promises to abide by any applicant's request not to be identified to the company concerned at this stage.

Where to base the born-again British branch is one of the questions the new general manager will have to answer. Another is how to generate £5m turnover within five years of opening the UK plant for making the materials, which have many applications in civil engineering.

Candidates should be entrepreneurial in outlook and have made profits as general manager of a business operation of a comparable kind. Fluency in German a help, but not essential.

Pay up to £30,000, with bonus on results and car.

Inquiries to Mr Taylor at 18 Grosvenor St., London W1X 9FD; tel. 01-499 0513, telex 27950.

Systems sales

A SALES and marketing manager is wanted by Vivian Lawrence, of the Executive Appointments consultancy's offshoot Guy Redmayne and Partners, for the London-based commercial systems division of a company which he *can* name It is Hoskyns Group.

The main task is to develop new and increase existing markets for a new set of financial-control systems, first in the southern halves of England and Ireland, then elsewhere. Initial target for the recruit, who will have to add a new member to the present supporting team of two, is £1m extra revenue.

Sales success in the information technology business is required. So is knowledge of financial accounting and demonstrable ability to spot new opportunities and selling tactics and lead a small team in exploiting them.

Salary £20,000-£25,000 with incentive bonus and car.

Mr Lawrence's address is also 18 Grosvenor Street, London W1X 9FD, but his telephone numbers are 01-409 0358 or 2810.

Catering

A DIRECTOR of sales and marketing is sought by recruiter Peter Cockell of Lewis Briggs International for a catering-equipment manufacturer in North-west England. It is part of a £3,000m-turnover group.

With 200 subordinate staff, the newcomer will be responsible to the managing director for all marketing and sales activities, with emphasis on fast-food outlets. Success as a manager in businesses which do catering, rather than supply equipment for doing it, would be a big help.

Applicants must above all have shown they can lead a large sales and marketing operation.

Salary indicator £20,000. Other benefits include a car.

Inquiries to Mr Cockell at Suite 8, 19a Cavendish Square, London W1M 9AD; tel. 01-499 6857, telex 27345.

Sharper end

A QUALIFIED company secretary with international-company experience who wants to get stuck into line management with a leisure-industry group, is wanted by Ken Orrell of the Hay-MSL consultancy (52 Grosvenor Gardens, London SW1W 0AW; tel. 01-730 0833, telex 23119).

As well as secretarial duties the work will entail project management and sharper-end commercial transactions.

Salary indicator £35,000, with perks for negotiation.

Personnel

A PROFESSIONAL manager with enough personnel experience to co-ordinate an international group's personnel policies covering 800 staff in the UK and three other North European countries, is sought by consultant Ian Duff of Hoggett Bowers (5/6 Argyll St. London W1E 6EZ; tel. 01-734 6852, telex 23152 Monref G 8262).

Candidates for the post, probably based in London, should speak another main European language besides English.

Salary about £18,000. Again perks include a car. Why so many companies encourage executive dead-legs, I can't understand.

BANKING PEOPLE

NEW PRODUCTS c£25,000

Substantial and progressive international bank seeks a highly capable Treasury Marketing Officer. Principally involved in the marketing of new products, the appointee will need to be fully conversant and up to date, with existing and potential money market instruments and periphery. It is likely that the appointee will be a graduate with an impressive track record probably with a leading U.S. bank.

MARKETING OFFICER c£17,000

Our client, a European Bank seeks to recruit a Marketing Officer for their Export Trade Finance Department. Responsible for developing the existing portfolio and monitoring of deals, you should be a graduate with sound experience especially in ECGD. This position offers potential for overseas travel.

FX DEALER c£17,000

The London branch of a European International bank require a FX Dealer for their small, but active dealing room. Trading spot and forwards in the major currencies, you will need 2 to 3 years relevant experience with an active trading bank.

CREDIT ANALYSTS c£13,000

We are seeking top rate Credit Analysts for prestigious International banks. Candidates are likely to be graduates and have undergone two to three years broad-based analysis experience within leading named banks. There are excellent promotional prospects with openings into marketing.

4 LONDON WALL BUILDINGS, BLOMFIELD STREET, LONDON EC2M 5NT
01-588 8161

MANAGER
Norwegian Lending

Bank of America is seeking an experienced banker to manage and develop its active Norway portfolio. Based in London, the successful candidate will head up a high-calibre team responsible for developing and maintaining account relationships with a diverse range of Norwegian clients around the world.

Applicants, aged 28-35, should have a degree or professional qualification in addition to substantial corporate banking experience – preferably including Scandinavian clients. Fluency in English and Norwegian is essential as is the ability to negotiate effectively at senior management level.

This opportunity offers excellent scope for career development. The compensation package is UK-based and the competitive *salary is augmented by a generous package of benefits.*

Write, with full career and salary details to: Mr. A. J. Tucker, Personnel Manager, Bank of America NT & SA, 25 Cannon Street, London, EC4P 4HN.

Bank of America

Deputy Manager, Steam Coal
London based/Late 20's Early 30's

International Marketing

An excellent opportunity exists for an energetic, self-motivated, internationally minded executive to join the London office of a major multi-national mining company with *substantial world-wide interests in coal and metal ores.*

The vacant post is as Deputy to the Steam Coal Marketing Manager – a job which requires sound marketing skills, patience and determination and which will involve extensive travel, mainly throughout Europe.

Experience is necessary in a relevant field, preferably coal or other bulk raw materials but alternatively in shipping or the marketing of heavy equipment associated with power generation, or process manufacture.

Fluency in European languages would be an advantage and a good education is essential. Sound managerial qualities are sought in a post offering considerable potential for advancement. An attractive salary will be offered, negotiable, dependent upon age and experience.

In the first instance, please reply quoting ref. 548, to E. S.W. Troubridge at Overton Shirley & Barry, Prince Rupert House, 64 Queen Street, London, EC4R 1AD. Telephone 01-248 0355.

Overton Shirley & Barry
INTERNATIONAL SEARCH AND SELECTION CONSULTANTS

– Senior Corporate Finance –
to £45,000 + benefits

Our client, a leading Merchant Bank with a worldwide presence, has an established reputation for sophisticated corporate banking and a policy for financial and marketing flexibility.

In order to continue its programme of forceful marketing expansion, a Senior Corporate Financier is required, to fulfil a highly challenging role with specific responsibility for acquisitions and new business development.

The position demands an executive with substantial experience in a Commercial/Merchant Banking environment, together with in-depth exposure to acquisitions, mergers and restructurings etc. Furthermore, significant emphasis will be placed on the proven marketing ability of the successful candidate. Age indicated: 35-40 years.

The attractive salary and benefits package will reflect the seniority of this outstanding appointment. Progression to board level is envisaged in the medium term.

Interested applicants should write, enclosing a comprehensive curriculum vitae, to **Roger Tipple** MA, Manager, at Banking & Finance Division, Michael Page Partnership, 23 Southampton Place, London WC1A 2BP quoting ref: 3403.

All applications will be dealt with in the strictest confidence and an informal discussion will precede submission to our client.

MP
Michael Page Partnership
International Recruitment Consultants
London New York Bristol
Birmingham Manchester Leeds Glasgow

Chief Executive
Merchant Banking Division

London based **£50,000 neg + benefits**

Our client is a privately owned holding company based in Perth, Australia with significant worldwide interests which include coal, oil and gas extraction, gold mining, commodity growing and trading, and air transport. The individual trading companies, three of which are publicly quoted, are principally concentrated in Australia, the Far East and the USA, and generate a total turnover of some £550 million.

A recent major acquisition and rationalisation of the organisation has now emphasised the need to create a merchant banking division in an internationally recognised financial centre. The decision has therefore been taken to create the division with the objective of co-ordinating all of the diverse banking and merchant banking services currently being used and also of providing or organising a full range of merchant banking services which at a later stage could be offered to third parties.

For this new appointment our client:

SEEKS:
* extensive merchant banking experience
* significant international business exposure
* experience of foreign exchange dealing and the commodity markets
* the initiative, presence and management experience to develop a new role in a major company
* the confidence to promote the activity to third parties once it is developed
* a willingness to travel extensively and become involved with a complex and growing business
* an individual with contacts at the main financial centres

OFFERS:
* a high level of basic salary and sound terms of employment
* the freedom to develop a new function in an international group with the minimum of direction
* the opportunity to help to choose the right vehicle from which to operate the activity
* the opportunity to recruit and develop a small professional team
* the opportunity to contribute significantly to the Group's corporate and financial strategy

Please write in complete confidence quoting reference 6262 and submitting a concise curriculum vitae to:
**Peter Childs,
Pannell Kerr Forster Associates,
New Garden House, 78 Hatton Garden,
London EC1N 8JA.**

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

Set up a Treasury and Money Market Operation

City Based **Salary Indicator: £20-25,000 + bens**

Our client is the Merchant Bank subsidiary of a major, world wide Commercial Bank. The Merchant Bank is well established in London and is involved in a broad range of activities and markets.

As part of its continuing expansion plan the Bank now wishes to appoint a senior executive with strong entrepreneurial flair to direct their entry into the treasury area. The successful candidate will have total responsibility for setting up and developing an effective treasury operation and will be required to deal in the full range of money markets including FX, Gilts and Futures.

Candidates will ideally possess a degree and have at least four or five years relevant dealing experience. Flexibility, confidence and initiative are essential personal attributes.

Those interested in discussing this particularly unusual and challenging role should contact **Chris Smith**, BA (Oxon) on **01-404 5751** or write to him at Banking and Finance Division, 23 Southampton Place, London WC1A 2BP enclosing a detailed curriculum vitae. Ref: 3404. The strictest confidentiality is assured.

MP
Michael Page Partnership
International Recruitment Consultants
London New York Bristol
Birmingham Manchester Leeds Glasgow

Entrepreneur?

Our clients, an international investment management company, seek an assistant for the directors. You will have sound appraisal/report writing skills gained in the corporate finance/investment management arena. You are looking for a non-routine role in a stimulating environment. c £18,000.

Contact:
THE ROGER PARKER ORGANISATION
01-588 8161

UNIVERSITY OF LONDON
CHAIR OF INDUSTRIAL RELATIONS TENABLE AT THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

The Senate invite applications for the above newly-established chair. It is wished to fill the post as soon as possible, but in any event not later than 1 October 1985.
Applications (10 copies) should be submitted to:
The Academic Registrar (FT)
UNIVERSITY OF LONDON
Malet Street, London WC1E 7HU
from whom further particulars should first be obtained
The closing date for receipt of applications is 14 September 1984

MIKE POPE AND DAVID PATTEN PARTNERSHIP
Bank Recruitment Consultants

ACA Financial Controller (with Bank/Eurobonds exp.) to 40	to £28,000
Bankers to teach Credit Analysis or Doc. Cr. at Bank School, to 40	c £18,000
Qualified Accountant (with Bank exposure) 26-29	to £15,000
Credit Officer (25-30)	to £13,000
Experienced Local Authorities Brokers	£ neg
Part-qualified Accounts person (21-24)	to £8,500

Please Phone Mike Pope 01-247 0053
2nd Floor, 214 Bishopsgate
London, EC2

TREASURER
£25-30,000

Our client is a European bank with a strong domestic base and an extensive international network of branches and subsidiaries. The bank is long established in London, with a staff of approximately 150 engaged in a broad range of international commercial banking activities.

Continued expansion of these activities creates the need for a Treasurer to take responsibility for financial management, overall funding, and Bank of England relations. Specifically, this will involve management of branch liquidity, control of short-term cash flows, preparation of financial statements, taxation, and supervision of the Foreign Exchange Dealing Room. The Treasurer will report direct to the London Branch Manager.

The breadth of this new role calls for a seasoned international banker (probably aged 35-45) who combines a treasury/dealing background with experience in wider aspects of financial management, including planning and budgeting. A detailed understanding of money and capital market instruments is a key requirement; a professional qualification relevant to this area of banking would be seen as an advantage.

Salary and benefits are negotiable, and will reflect the importance of the appointment and the stature of the successful candidate.

In the first instance, please contact Ken Anderson
Telephone: 01-588 6644

Anderson, Squires
Bank Recruitment Specialists
85 London Wall, London EC2

Anderson, Squires

International Banking

Major Expansion in Europe Africa and the Middle East

This leading international bank has assets of circa $100 billion and a network of subsidiaries and affiliates throughout the world. Its merchant banking subsidiary in the City is committed to expanding its business in the loan and bond markets and consequently has created three new positions.

Executive Director
Package negotiable

Reporting to a Managing Director you will be responsible for managing a division. Your prime task will be to direct and actively participate in developing new business with borrowers in Europe, Africa and the Middle East.

Aged 35-40 you have excellent marketing ability, good experience in international banking, a proven track record in obtaining new business and the man management skills to build up a successful marketing team.

Associate Directors
£30,000-£40,000 + banking benefits

Reporting to the Executive Director you will take responsibility for developing the Banks' activities in specific geographical areas within Europe, Africa and the Middle East.

Aged 28-34 you have considerable experience in international lending and are currently responsible for developing relationships in the government and/or corporate market. You now seek the chance to manage an area and build up your reputation as a business generator.

This is an energetic and highly successful bank. Senior management are only in their early forties and prospects for further career development are excellent. We accept that the people we are looking for are already major achievers in other financial organisations and confirm that enquiries will be handled in complete confidence. Ring or write to Barbara Lord of Cripps, Sears and Associates Ltd., (Personnel Management Consultants), 88/89 High Holborn, London WC1V 6LH. Tel: 01-404 5701 (24 hours).

Cripps, Sears

Jonathan Wren
BANKING APPOINTMENTS

CORPORATE FINANCIAL SERVICES
Team Leader AVP/Vice President
Salary negotiable £25,000 - £35,000

A major bank, with an established division specialising in asset finance, UK big ticket, tax based leasing transactions, managed leasing portfolios and corporate advisory services, seeks the following:-

A graduate ACA or MBA aged 30-35 years, with a lively innovative approach and high technical skills encompassing pricing, structuring, evaluation, documentation, tax etc together with a strong flair for business development.

Young ACA - Corporate Financial Services
£20,000 - £25,000 + major benefits

An important international bank seeks a highly determined entrepreneurial ACA or graduate banker with 3 years' experience covering credit mergers/acquisitions, venture capital and management buyouts. High negotiating skills and the ability to act on own initiative is essential, as the position offers an unusually high degree of autonomy.

Please telephone or send detailed CV's to Brian Gooch or Jill Backhouse, Jonathan Wren & Company Ltd., 170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266. Applications will be dealt with in strict confidence.

TREASURY

Vice-President Appointment

c£35,000

Responsibility will be for the policy, management, marketing and development of the Administrative, Funding, Money Market and Foreign Exchange trading activities of a well established U.S. bank in the City.

The Vice-President will be expected to devote a major proportion of time to FX trading utilising personal expertise to both expand and improve the technical skills and knowledge of the existing London dealing team.

Reporting to the Money Market Trading Manager in the United States, a further aspect of the position will be to develop and implement policies regarding the Banks' activities in the Financial Futures, Currency Futures and Options Markets.

For further details please contact Richard Meredith, Jonathan Wren & Company Ltd., 170 Bishopsgate, London EC2M 4LX. Tel: 01 623 1266.

All applications will be treated in the strictest confidence.

Jonathan Wren
BANKING APPOINTMENTS

CJA

RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3575
Telex No. 887374

A key position with scope to become Senior Analyst in 6-18 months and to become a Portfolio Manager in 4-6 years in either London, U.S.A. or Japan

CJA

RESEARCH ANALYST—HIGH TECHNOLOGIES

LONDON £25,000-£40,000

MAJOR INTERNATIONAL INVESTMENT BANK — OVER £3 BILLION UNDER MANAGEMENT

We invite applications from candidates, aged 28-35, with a university degree and preferably an M.B.A., who have acquired at least 4 years' practical analytical experience in the high technology field. This is likely to have been acquired either with international consultants, or in a major international electronics/high technology manufacturer, or in a stockbrokers or financial institution. The successful applicant will be responsible for specialising in commercial and financial analysis of companies in the electronics/computer/telecoms or defence industries. Contact will be at the highest level and will call for the provision of succinct advice to the internal portfolio managers. Some travel will be necessary to the U.S.A. and Japan. A deep interest in investment plus a commercially enquiring mind is important. Initial salary negotiable, £25,000 - £40,000 + profit sharing + car + non-contributory pension, free life assurance, subsidised health cover, removal expenses if necessary, subsidised mortgage. Applications in strict confidence under reference RAHT4280/FT to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-638 9216.

Historic Buildings and Monuments Commission for England

DIRECTOR OF ADMINISTRATION-FINANCE & PERSONNEL

The Commission, established under the National Heritage Act 1983, has over 1,100 staff and an annual budget of more than £50m. It is a non-Departmental public body receiving the bulk of its income by way of a grant-in-aid from the Secretary of State for the Environment, but with a trading income of about £2.5m pa.

The Director of Administrative Services will be responsible to the Chief Executive for the full range of financial, accounting and personnel functions within the Commission.

The post carries responsibility for the preparation of financial and manpower budgets, the annual accounts (both Companies Act accounts and the grant-in-aid account), the provision of financial/manpower management information, recruitment and the provision of office support services. The Director will be the main channel of communication with the Department of the Environment on all matters affecting the grant-in-aid and will have a particular responsibility for ensuring that the conditions of the grant-in-aid are complied with.

Candidates must have had wide experience of financial work, preferably with experience in the public sector. They must also have had experience of personnel work and industrial relations. Professional qualifications in either finance or personnel work and a knowledge of government accounting would be advantages.

Salary (under review) for this London-based post £20,490 rising to £24,405.

NB: The Commission is an equal opportunity employer. Its permanent staff will not be civil servants, although it has been decided that terms and conditions of employment will be broadly similar to those in the Civil Service.

For further details and an application form (to be returned by 31 July 1984) write to Civil Service Commission, Alencon Link, Basingstoke, Hants, RG21 1JB, or telephone Basingstoke (0256) 68551 (answering service operates outside office hours). Please quote ref: G/6277.

English Heritage

MERCHANT BANKING AND TRADE FINANCE

JOHNSON MATTHEY BANKERS LIMITED, a British-owned International Merchant Banking Group, have the following opportunities in their City office.

Assistant Manager
— Bills and Documentary Credits Department

Responsible to the Departmental Manager for the supervision of a department of approximately 20 staff, this is an excellent career opportunity for someone in their late twenties - early thirties with good administrative and organisational skills, together with several years supervisory experience. Candidates will have experience of all aspects of bills and documentary credits work including ECGD cover, foreign exchange, loans and deposits, ideally gained in international divisions of larger banks. An AIB qualification is essential.

Newly Qualified Accountant
— Loans and Advances Department

Liaising closely with our Account Officers, Credit, Banking and Securities Departments, this position will involve some customer contact. The role is to provide senior technical support to the Bank's Account Officers and the successful candidate will become closely involved in analysing and monitoring a wide variety of projects.

Candidates should be recently qualified ACA/ACCA in their mid-twenties with a degree, and auditing experience ideally gained in a banking or financial services environment.

It is envisaged that both positions will carry salaries well into five figures (to be reviewed in April 1985); highly competitive fringe benefits normally associated with a successful merchant banking group, and progressive career prospects.

Please write with full career details and current salary to: Graham Dunning, Assistant Manager - Personnel, Johnson Matthey Bankers Limited, 5 Lloyds Avenue, London, EC3N 3DB. Telephone 01-481 3181 Ext 360.

JM
JOHNSON MATTHEY BANKERS LIMITED

Outstanding Opportunity for Numerate Graduate

Acquisition/Diversification
from £15,000: London

James Burrough plc, major exporters and distillers of Beefeater Gin, have established a name synonymous with quality in more than 170 countries. With a strong financial bese and a declared policy on axpansion, we are now planning a considerable development of operations over the next 5 years.

The successful applicant will ba responsibla to, and work closely with, the Financial Director. Ha/she will be ambitioua, enthusiastic, and able to think and ect autonomously. Entrepraneuriel ebility will be a crucial factor. Tha briaf is to refina Group criteria for expansion and diversification and to exemine potentiel ereas of interest, not necessarily ralated to present activities. Detailed analysis will follow, togethar with the developmant and possibla operation of control systems in new ventures. Career prospects ara axcellant in an expanding environmant.

Candidates should ba aged 25 to 35 end qualified as engineers, accountants, business graduates or MBA's. The salary quoted anvisages somaona with at laast two years' industrial, commercial or stockbroking experience, but could be edjusted in aither direction as eppropriate. Excellent supporting banefits includa profit share, non-contributory pansion schama and relocation help whare necessary.

If you think you match up to our requirements and can make e substantial contribution to our progress, please write and tell us why: J.G. Sanger, Financial Director,

James Burrough plc

Beefeater House, Montford Place, Kennington Lane, London S.E.11.

SENIOR MANAGEMENT APPOINTMENTS

up to £20,000 London

National Girobank is a rapidly expanding U.K. financial institution employing over 5500 staff and has established a significant presence in both the personal and corporate banking markets. The bank now wishes to make two appointments at Senior Management level to strengthen its presence in the financial markets. Both posts will be situated in London reporting to the Head of Investment.

Applications for the following are invited from suitably experienced individuals, who feel they can make a significant contribution to the bank's development.

Leasing Manager

The successful applicant will be required to develop the bank's presence in the medium/big ticket equipment leasing market. Responsibilities will include the management of the existing portfolio, the identification and exploitation of leasing opportunities arising from the bank's corporate clients and support of the bank's developing role as a provider of corporate finance.

Investment Manager

The successful applicant will be required to play a substantial part in the management of the bank's portfolio of interest bearing investments. The current portfolio is concentrated in gilts and the manager will be required to develop policies for more active portfolio management and extend the range of investments to improve overall returns. There will also be opportunities to contribute to the bank's developing presence in other financial markets.

Applications are invited from individuals (male/female) who have extensive knowledge of these activities and can demonstrate a successful track record. A bank qualification would be desirable but not essential, and the preferred age range is 27–35.

Starting salary will be up to £20,000 with the possibility of further progression (on the basis of performance) up to £22,000.

Benefits include five and a half weeks annual leave and a contributory index linked pension scheme. Assistance with moving to within reasonable commuting distance of the City can be provided where appropriate.

Please reply in writing outlining career and salary progression and how your skills and experience match the requirements of the job to:— Peter Forrer, Head of Management Development, National Girobank, 10 Milk Street, London EC2V 8JH.

NATIONAL Girobank

INSTITUTIONAL DEALER

LONDON OFFICE

Potter Partners is seeking a Dealer to join the institutional advisory team in its London office. Potter Partners has a well established client list in the United Kingdom and Europe and the position offers excellent potential for a well motivated individual.

The successful applicant will probably be under 40 and should have several years experience of the securities industry. The position requires a working knowledge of Australian companies together with an understanding of Australian dealing procedures.

The remuneration package will be attractive and there will be longer term career development opportunities in Australia.

Replies in writing or telephone enquiries to:

POTTER PARTNERS
16 St Helens Place, London EC3A 6DB
Tel: (01) 588 4010

POTTER PARTNERS

Insurance Analyst
Stockbroking

North West £ Excellent

Our client is a leading provincial stockbroking firm, based in the North West. They require an Analyst, preferably with some knowledge of the insurance industry, to join their highly successful research team. Important requirements are the ability to read and interpret balance sheets, to prepare and deliver results both verbally and in writing, to converse at Board level and to develop close relationships with clients.

Applicants may have an accountancy or actuarial background and may currently be working for an investment institution, insurance company or stockbroking firm. Career prospects within the firm are excellent.

The salary package is negotiable and will not be an obstacle to the right candidate. Relocation facilities are available and interested applicants should contact **Alan Dickinson**, quoting ref. **6982** on **061-228 0396** at Michael Page Partnership, Faulkner House, Faulkner Street, Manchester M1 4DY.

MP
Michael Page Partnership
International Recruitment Consultants
London New York Bristol
Birmingham Manchester Leeds Glasgow

INVESTMENT ANALYST-ASSISTANT INVESTMENT MANAGER

The National Insurance and Guarantee Corporation PLC wishes to appoint an analyst/assistant manager to work with its investment manager in the running of an international portfolio. The Corporation is a subsidiary of Heron International PLC.

Candidates should be aged about 25/30 and must have had at least three years' relevant experience, preferably in a financial institution. An attractive remuneration package will be offered to the successful candidate.

Please forward full CV to Gerald Jospe, 19 Marylebone Road, London, NW1 5JL.

The National Insurance and Guarantee Corporation PLC
19 Marylebone Road, London, NW1 5JL
A Heron International Company

Investment Manager

£400 million 'In House' Pension Fund
c. £20,000: North of England

This is an outstanding opportunity to manage one of the country's largest pension funds. The requirement is for a highly ambitious and professional individual who will readily appreciate the significance of such an appointment within a career progression towards the highest levels of investment management.

Candidates, graduates and/or professionally qualified, must have at least five years' practical experience of managing institutional funds within a performance-orientated environment.

Remuneration is for discussion as indicated plus certain other benefits.

Candidates should write, in confidence, for an application form to: The Chief Executive (Personnel), County Hall, Barnsley, South Yorkshire, quoting reference T9, or telephone Ian Thompson, Assistant County Treasurer, on Barnsley (0226) 86141, ext. 262, for an informal discussion.

South Yorkshire County Council is an Equal Opportunities Employer.

South Yorkshire County Council

INVESTMENT ANALYST —PROJECTS

A Major International Investment Institution based in the City seeks an exceptional individual as an Investment Analyst for its Portfolio of direct Investments world-wide.

The successful applicant will be in his/her mid 20's and will have relevant experience gained in Investment Research, Financial Analysis or Project Finance.

The position will involve identifying and analysing the feasibility of major Investments, and the Management of the existing Portfolio of direct Investments. It will involve an element of travel.

Remuneration will fully reflect experience and ability.

Candidates should apply, in confidence detailing experience and current salary.

Write Box A8657, Financial Times, 10 Cannon Street, London, EC4P 4BY.

COMPANY SECRETARY

from £15,000 + car + benefits

Our client is a UK subsidiary of a U.S. commodity company involved in Grain trading and shipping, Soyabean processing, Forex and Metal trading. Reporting to the General Manager, with liaison at Senior management level, the position carries responsibility for legal and personnel administration, including legal advice, pensions, insurances, and Secretarial duties. Prospective candidates will have a relevant professional background ideally with a legal qualification.

For further information please write enclosing full C.V., or telephone ALEX STEELE in strictest confidence

Firth Ross Martin
Financial & Professional Selection Consultants
Wardgate House, 59a London Wall, London EC2M 5TP. Telephone 01-628 2441.

Civil Aviation Authority

Managing Economists/ Accountants

Manager, Capital Finance c.£22,000

Air Traffic Services

Responsible for providing comprehensive financial plans, information and control systems, regarding investment expenditure for the National Air Traffic Services, including economic appraisals.

This job calls for an exceptional, widely qualified and experienced financial manager, with drive, innovative flair and the ability to grasp complex technical problems. An appreciation of Government financial policy on nationalised industries and knowledge of public sector investment appraisal methods is also sought.

Candidates are likely to have an MBA qualification and an economist/accountancy background.

Head of Evaluation & Planning c.£17,000

Air Traffic Services

Responsible to the Manager, Capital Finance for co-ordinating and analysing 5 year expenditure plans and for preparing full economic and financial evaluation of all projects within those plans.

The job calls for a degree in economics or a similar numerate discipline, or a professional accounting qualification coupled with practical experience in the application of micro-economic techniques. Previous experience of financial and economic project evaluation at a senior level is essential.

The Civil Aviation Authority has a turnover in excess of £200m and assets of £120m and is responsible for providing comprehensive air navigation and air traffic control services and airport aids. It has a rolling programme of purchase and installation of advanced electronic equipment and systems.

The rapid growth of civil aviation demands continuous improvements in this equipment and the commissioning of leading edge technology for new generation equipment, now being designed and developed.

The Finance Directorate (Air Traffic Services) is closely involved in the investment decision-making and monitoring process, and the increasing importance of controlling and managing this strategic programme has led to the creation of these two new senior and challenging positions.

Benefits include over 4 weeks' annual leave, an interest-free annual season ticket loan and an excellent contributory pension scheme. All salaries are subject to an annual cost of living index review.

Please apply in writing enclosing current cv, stating for which post you are applying, to Miss G Somerset, Personnel Support Services, Civil Aviation Authority, Room T1219, CAA House, 45-59 Kingsway, London WC2 6TE.

CAA

ASSISTANT COMPANY SECRETARY

£15,000

Expanding merchant banks seeks qualified (or about to qualify) ACIS. Candidates should be in their mid to late 20s, and have experience of International and UK Company Law, Insurance, and preferably the setting-up of new companies.

For further details please contact:

MIKE BLUNDELL-JONES
on
01-236 1113
PORTMAN RECRUITMENT SERVICES

BANKING OPPORTUNITIES

LENDING OFFICER
£ negotiable (guide £20,000+)
Ambitious business getter with sound Banking experience and excellent marketing aptitude.

CREDIT ANALYSTS
£11,000-£16,000
US/UK Bank analysis training an advantage. Should be technically sound; self motivated; good with people.

CV to Miss S. R. Blankley
Evans Recruitment Services
53 Liverpool Street, EC2

International Pensions and Insurance Specialist

c.£16,000 West London

From their modern well equipped West London offices, my client markets and distributes the films of Hollywood's largest studios in all parts of the world. The business is complex, dynamic, highly profitable and growing rapidly.

As part of the formation of an international personnel team, the company wishes to recruit a Pensions and Insurance Specialist who will report to the Vice-President – Personnel. The man or woman appointed will be responsible for the supervision of the company's international employee benefits arrangements (pension plans and life, accident and disability insurance schemes) and the administration and control of business insurance programmes worldwide.

You will need a strong background in pensions administration and a significant element of international exposure would be an advantage. While pensions management is the most important part of the role, some experience of insurance administration is necessary. You should possess well developed communication skills as you will be in frequent contact with brokers and company managers throughout the world. Additionally you will be confident of your ability to handle both volume and complexity with a degree of independence.

To find out about the scope of this interesting career opportunity contact Richard Goldie on (0992) 552552 or write enclosing a brief CV to Macmillan Davies Personnel Consultants, The Old Vaults, Parliament Square, Hertford, Herts. SG14 1PU.

Macmillan Davies
Personnel Consultants

EXPORT CREDIT AND FINANCE

An exciting opportunity exists to join the fast-growing Trade and Political Risk Division of an international insurance company based in the City, acknowledge as the leader in its field.

We are looking for a "go-ahead" graduate in his or her mid-twenties able to work under pressure and on own initiative with experience in credit analysis and international loan documentation to join our Export Credit Underwriting team and eventually to handle an innovative and wide-ranging export finance operation.

Candidates will have gained their experience with an international bank or similar financial institution and will be fluent in at least one European language. Previous insurance experience is not a limiting factor.

A competitive salary will be offered together with usual large company benefits.

Please write in confidence, enclosing full c.v. and salary progression to:

David Healey, Personnel Manager
American International Underwriters (U.K.) Limited
2/8 Altyre Road, Croydon CR9 2LG
Interested candidates are invited to telephone
Dennis Parker on 01-626 7866 Ext. 397
if further information is required prior to formal application

MERCHANT BANKING
Corporate Finance Executives

Several of our Merchant Banking clients wish to expand and strengthen their Corporate Finance Departments. These opportunities are at different levels of seniority and applications are invited from candidates as follows:-

1) Executives aged between 30-35 years with several years Corporate Finance experience within Merchant Banking or Stockbroking.

2) Qualified Chartered Accountants or Solicitors, aged between 25-30 years who have had experience of Mergers, Acquisitions or tax matters.

Please telephone or write enclosing a curriculum vitae to Peter Latham, Jonathan Wren & Company Ltd., 170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266.

Jonathan Wren
BANKING APPOINTMENTS

Manager Financial Analysis

United Dominions Trust Limited, a leading finance house and a member of the TSB Group, has a vacancy for a Manager, Financial Analysis within its Point of Sale Division at its Head Office in North London.

This senior appointment, reporting to the Controller, Financial Operations, will head a small specialist team, responsible for the development and maintenance of an effective costing/pricing structure for *the Division's products and marketing* proposals.

Candidates, preferably late 20's to early 30's, should have a sound track record within the finance or related industry of costing and pricing activities, coupled with a good working knowledge of mini computers.

The successful candidate is likely to be a graduate preferably in business studies or a related discipline or suitably professionally qualified, e.g. ACCA or ACMA.

The starting salary will be negotiated in line with qualifications and experience. The Company operates a merit salary system with regular performance appraisal and offers competitive benefits including free pension and life assurance, mortgage subsidy and five weeks' holiday. A Company car will also be provided. *There are excellent prospects for further* development.

Please send a c.v., quoting current remuneration, or write (or ring 01-440 8282 ext. 2048) for an application form to: Keith Pusey, Personnel *Manager, Point of Sale Division,* United Dominions Trust Limited, Endeavour House, 1 Lyonsdown Road, New Barnet, Herts. EN5 1HU.

United Dominions Trust

AUDIT ASSISTANT

Merchant Bank with a small, well-established Internal Audit Department requires an audit assistant. This is an opportunity for the person selected to further his/her banking knowledge. Auditing includes use of computer facilities.

A.I.B. or accounting qualifications; banking experience preferred. Salary negotiable, plus usual banking benefits. Age 25-35.

Please send full particulars, naming any bank that you would not wish to be approached, to:

P. S. THRING
Ernst Whinney, Chartered Accountants
Becket House
1 Lambeth Palace Road
London, SE1 7EU

Corporate Planner

to £17,000 + benefits Cambridge

The company is probably the UK's best known COMPUTER PRODUCER and a major success story of the 1980's. Working at the forefront of high technology their products are world-beaters. Turnover is c£75m p.a. and continues to grow dramatically.

They seek a young accountant for a vital CORPORATE PLANNING role. The position carries total responsibility for co-ordinating planning and budgeting, complete involvement in the decision-making process, fully directing and controlling very rapid growth and reports to the Financial Controller. Accelerated promotion and salary progression can be expected.

Candidates can be RECENTLY QUALIFIED GRADUATE A.C.M.A.s or A.C.A.s, or with up to 3 years further commercial/industrial experience, probably aged 24-28, with good communication skills and the desire to succeed. Knowledge of the Electronics industry and Financial Modelling is preferred but not essential. Re-location expenses are available where appropriate.

Please telephone and send your career details to Barry C. Skates quoting ref. 6715.

Mervyn Hughes Alexandre Tic (International) Ltd
Management Recruitment Consultants

37 Golden Square
London W1R 4AN
☎ 01-434 4091

PARTNER'S ASSISTANT

Laurie, Milbank & Co are seeking to appoint an assistant to a partner in their client's Managed Funds department. The applicant should have three or four years' stockbroking experience in domestic and international markets and should be articulate, numerate and hard-working.

The job involves regular communication with clients and requires a thorough knowledge of the administration and documentation involved. The preferred age range is 20 to 30 years.

Please write in confidence to Tim Summers:

LM Laurie, Milbank & Co.
Portland House, 72/73 Basinghall Street, London EC2V 5DP

IRELAND

Petroleum Exploration Specialists

required for the Department of Energy, Dublin.

There are 4 posts, one at senior level.

The successful applicants will have a good honours degree in Geology or Geophysics and considerable experience in their field. A relevant post-graduate qualification is desirable.

The appointees will work under the Department's Senior Petroleum Advisor and will be concerned with the interpretation of Geophysical and Geological data derived from oil exploration activities in Ireland, the production of regional, basin and prospect evaluations, and advising on these evaluations. They will also monitor and control the technical aspects of exploration company activities.

Application forms and full particulars from:

The Secretary, Civil Service Commission, 1 Lower Grand Canal Street, Dublin 2.

Latest date for receipt of completed application forms: ***2 August 1984.***

Group Secretary

Light Engineering/High Technology

S. London c.£15,000 + car

A small, innovative electronic and engineering group (T/O £2m+) now needs a Group Secretary to assist the Board direct and control the enterprise into new activities.

This is a role for a brisk, innovative and financially aware "shirt-sleeved" commercial person who will:-

- Examine all existing financial and administrative procedures and systems, recommend and implement improvements thereto.
- Relieve the Managing Director of multifarious, day to day financial controls and provide tighter operating and commercial disciplines at all levels.
- Perform the statutory duties of a Company Secretary.

Candidates, qualified to at least ACIS standard will have at least 8 years proven experience in a similar role, in small to medium manufacturing companies. Age is of less consequence than the right attributes.

Please write or telephone in the first place, in complete confidence to Paul Sinha (Director), Sinclare Associates, Speldhurst, Brittains Lane, Sevenoaks, Kent, TN13 2NG. ☎: 0732 460205.

Sinclare Associates
Management and Personnel Consultants
London · Birmingham · Sevenoaks

Cocoa Management

Two energetic professionals with several years of senior agricultural management experience are sought for appointments in Papua New Guinea.

Positions are being established with the aim of providing comprehensive management services to the plantation and smallholder sectors.

Proven abilities in administrative-accounting aspects are deemed as important as agronomic and developmental performance.

As can be expected in a position of this nature remuneration and conditions are negotiable.

Applications with full details of experience and references, will be treated in the strictest confidence and should be forwarded to:

The Manager
ANGCO PTY LTD
PO Box 175 Rabaul, Papua, New Guinea

URGENTLY REQUIRED

A London-based International Organisation requires Assistant Portfolio Managers in their 20s with experience in the European and Far East markets.

Good salary and benefits.

Candidates should apply with Curriculum Vitae to:

Box A8658, Financial Times
10 Cannon Street, London EC4P 4BY

TRUST BANK
The Trust Bank of Africa Limited
Licensed Deposit Taker

JUNIOR F/X DEALER

The Trust Bank of Africa Limited, London Branch, is offering a challenging opportunity to a junior F/X dealer to join an expanding dealing room.

The successful candidate will have spent between one and two years in an active trading environment.

An attractive salary and normal banking fringe benefits *will be offered to the right person.*

Please write in confidence with full career details to:

Mr S P Cossins
Operations Manager
THE TRUST BANK OF AFRICA LIMITED
20 Cannon Street
London EC4M 6XD

ACCOUNTANTS

Careers in Banking

With limited long term career opportunities in commerce for accountants, capitalise on a career move into banking.

We are retained by the leading Merchant & Investment Banks to find ambitious accountants to join them in the following areas:

–International Capital Markets.
–Corporate Finance and Mergers and Acquisitions.
–Investment Banking.

Age 25-30, you will be eager to develop your career away from pure accountancy towards a front line position in the banking community.

For further details please write to, or telephone

Rochester Recruitment Ltd., 21 College Hill, London EC4R 2RP
Telephone: 01-248 8346

FX Dealers

The European Division of Westpac Banking Corporation, Australia's largest banking group, has vacancies in its London Office dealing room for traders in both spot and forward foreign exchange.

Applicants should be aged between 26 and 30 and have a minimum of 4 years' experience in an established and active dealing room.

Please write giving full career details to:-

Arthur E. Valk,
Treasurer, European Division,
Westpac Banking Corporation,
Walbrook House,
23 Walbrook,
London EC4N 8LD.

Westpac
Australia's world bank.

International Appointments

Accountancy Appointments

Financial Controller

Co-operative Retail Services is Britain's largest retail Co-operative Society with an annual turnover approaching £1 billion, and plans for substantial future growth.

Retirement has created this outstanding career opportunity, and we are looking for a person, preferably aged *between 35-45, with proven experience, and a practical* understanding of computer based information systems. A professional qualification, and experience in a retail environment would also be advantageous.

The person appointed will be a key member of the senior management team based at our head office in Manchester, and will be responsible to the Chief Executive for the Society's financial and accounting functions.

A highly competitive remuneration package will reflect the senior level of this appointment.

For further details and application form, please write, in confidence, to:

The Chief Executive Officer
Co-operative Retail Services Ltd
29 Dantzic Street, Manchester M4 4BA

People who care

Assistant to Group Chief Accountant

London **c.£13,000 + car & benefits**

A highly successful UK public group with diverse commercial interests and with further plans for expansion offers an interesting opportunity for a qualified accountant to join the head office team.

Working closely with the Group Chief Accountant the responsibilities of this new position will be to co-ordinate and produce all management information and financial reports for the group. The role demands highly developed report writing and communicative skills plus the ability to liaise effectively at all levels within a widely diversified operation. Prospects to move into a senior line role are excellent.

Candidates should be chartered accountants ideally from one of the major accounting firms. In addition to the negotiable salary, benefits include a fully expensed car, non-contributory pension and health schemes.

Please write in confidence to Christopher S. Bainton, Peat Marwick Mitchell & Co., Executive Selection Division, 165 Queen Victoria Street, Blackfriars, London EC4V 3PD, quoting reference 1759/L.

PEAT MARWICK

Corporate Financial Services

A Senior Manager, dealing with public issues £20,000 plus, and a car

A route to partnership

We need another senior self-sterter, eble to take responsibility immedietely, in Corporate Financial Services. The growth which we foresee meens that there are plenty of peths to partnership.

We heve a steady flow of flotation and public documentation work. We anticipate more. Acquisitions, buy-outs end capital re-constructions continue. We are well respected for our corporate financial advice, which is constructive and creative.

We heve e competent central team where commercial acumen, personal responsibility and an understanding of the financial and stock merkets is crucial.

Successful applicants are likely to be around 30, to have had direct experience in the corporate financiel services department of another leading firm of accountants, a broker, merchant bank, or similar sponsor (but, please, you must have done the work, not observed others). You must match up to a first class team.

Younger, less experienced candidates' interest in this field of work will also be considered for membership of the team.

Please apply in writing giving full career details to:
Miss Penny Alison, Director of Personnel,
186 City Road, London EC1V 2NU.

ROBSON RHODES

Financial Director

Hi-tech Venture
London
c.£27,000 +car/share options

An embryonic hi-tech company combined with the commercial flair and energy of Heron Corporation is a force to be reckoned with. Already a household name, this computer retail company has created a unique selling feature in state-of-the-art products with the backing of an impressive marketing campaign. Currently operating six outlets, expansion is planned to around thirty over the next three years.

The new Finance Director will be expected to give a lead in coping with the problems of a high growth business. As a priority, the initial task is to establish sound financial control and management information systems. At the same time, the Managing Director needs creative, commercial advice at a strategic and policy making level. This key appointment is crucial to the development of the business and its long term success.

Candidates will be qualified accountants, aged around 35. They will have a demonstrable record of success in financial management, with the emphasis on the effective use of management information. Exposure to the smaller, successful marketing led or retail environment is desirable. You will need a high level of commitment, above average communication skills and the ability to integrate into a multi-disciplined team. A practical, flexible approach is essential during the early stages.

Please reply in confidence, giving concise career and personal details, quoting Ref. ER705/FT to H.F. Male, Executive Selection.
Arthur Young McClelland Moores & Co., Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Arthur Young McClelland Moores & Co.
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

ACCOUNTANCY APPOINTMENTS appear every THURSDAY
Rate £34.50 per Single Column Centimetre

G.P./SPECIAL SECTOR PARTNER/PARTNER DESIGNATE

FCAs 35-45 **London £30,000-£65,000+Car**

Our client is a highly successful medium sized firm of Chartered Accountants which enjoys a national dominance in a number of highly specialised audit/advisory market sectors.

This is an opportunity for a senior manager or existing salaried or equity General Practice Partner to gradually take over a leading role in this special sector work whilst maintaining a substantial general practice client portfolio. Partners able to bring with them their own fee portfolio should be able to command the upper end of the advertised emolument range.

Candidates (male or female) should have all round skills, especially good tax knowledge, have extrovert personalities and be able to assume partner level responsibility as soon as possible.

For more information please contact George Ormrod BA (Oxon) or Colin Mutton ACA on 01-836 9501 or write with CV to Douglas Llambias Associates Limited at our London address quoting reference No 4616.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101
3 Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

International Tax Specialist

Central London **£Negotiable**

Our client is a major Accounting practice with strong, developing International connections and an excellent reputation in the taxation market. They wish to appoint a senior taxation specialist to be fully responsible for developing International tax work within the partnership.

Candidates will have had considerable experience of U.K. and International tax consultancy work and are likely to fall into one of the three following categories:

A senior manager or partner currently in public practice working as a tax specialist with an International bias.

A senior or group manager operating in International tax within a commercial or industrial organisation.

An independent International tax practitioner.

Although a high technical standard is vital, the successful candidate must be able to show sufficient drive, strength of personality and marketing skills to be considered for partnership at an early date. Age indicator – late 20's to late 30's. The remuneration package will be negotiable, but, in line with the importance placed upon this appointment, is likely to be in excess of £30,000.

In the first instance please contact **Peter Morris, Taxation Division, Michael Page Partnership, P.O. Box 143, 31 Southampton Row, London WC1B 5HY.** Telephone 01-405 0442.
Confidentiality is assured.

Michael Page Partnership
International Recruitment Consultants
London New York Bristol
Birmingham Manchester Leeds Glasgow

TAX MANAGER (Designate)

LONDON **£16/20,000**

Multinational clients in the oil sector seek an imaginative end energetic individuel (Accountant/Lawyer/Graduate), aged 26/30, capable of further rapid advancement into senior financial management in the UK or overseas.

Training and motivating e smell staff, initially the postholder will assist the Tax Manager with regerd to both corporate compliance and planning work in the context of the Company's extensive overseas operations. Liaison and advice form a large part of the role and will require the person eppointed to travel overseas approximately 25% of his/her time. Promotion prospects for the successful candidate are considerable.

Some exposure to international tax plenning geined in either the profession or industry is desirable, as ere sound interpersonel skills and developed enalytical abilities. Some facility in French would be useful.

Write or telephone Nicolas Mabin BA HONS MECI, quoting reference: LG1023 (or out of hours 0702 555432).

Management Personnel
Recruitment Selection & Search
67/68 New Bond Street, London W1Y 9DF
Telephone: 01 408 1694

WORLDWIDE TRAVEL

ACA/ACCA/ACMA **neg. to £15,000 TAX FREE**

Our client has c.$100m annual turnover from worldwide activities in the ENTERTAINMENT business. The vacancy involves extensive travel to the capital cities of EUROPE, AUSTRALIA, NEW ZEALAND, SOUTH AFRICA, JAPAN and several LATIN AMERICAN countries.

Within the probable age range 22-30, candidates should be enthusiastic, self-reliant and single with the ability to use diplomacy in eliciting vital information. Semi-fluency in a second language would be useful and promotion prospects after 2 years are excellent.

Please telephone and send career details to:

GEORGE D. MAXWELL, Managing Director,
ACCOUNTANCY APPOINTMENTS EUROPE,
1-3 Mortimer Street, London W1N 7RH
Tel: 01-637 5277 ext 281/282 or direct 01-580 7695/7739

Newly Qualified Accountants

London £12 - £13K

The well known Ofrex office products group has outstanding career opportunities for two qualified *accountants wishing to make their first move into an* exciting, demanding and rewarding commercial environment.

Corporate Headquarters (Ref. 1). An Assistant Group Accountant who will work in a small team in areas of subsidiary consolidations, monthly reporting, statutory group accounts, budgets, and development of computerised systems.

Principal Marketing Subsidiary (Ref. 2). Financial Accountant who will be responsible for day to day control of the finance function comprising 12 staff. Other duties will involve preparing monthly and annual accounts using sophisticated computer systems, budgets and forecasts, and cash management.

In seeking to attract quality candidates with high management potential, successful performance in either of these roles could lead to more senior *responsibilities within the Group.*

Please write fully (quoting Ref.) to:

Mr. R. W. Daniel,
Ofrex Group Plc.,
Ofrex House,
Stephen Street,
London, W1A 1EA.

TAX SPECIALIST (Qualified Chartered Accountant)

To advise individuals and small/medium sized business on all aspects of taxation and accountancy practice.
Experience of Inland Revenue in-depth investigations and VAT appeals an advantage.
Excellent career prospects in fast growing company for an ambitious and enthusiastic person. Attractive remuneration package.
Telephone: Miss Linda Baker (0296) 878578.

Hambro Housley Legal Protection Limited

HEAD OF FINANCE

The EITB is a statutory body with responsibilities to the engineering industry (some 21,000 firms and 2 million employees) for training advice and standards. The Board's annual income is £50 million and it holds a substantial investment portfolio.

We are seeking an experienced Chartered Accountant for this senior position at Watford. He or she will report to the Board's Director and will, as Chief Finance Officer, be responsible for all financial, investment, accounting and data processing activities within the Board. Further, as a member of the Chief Officers' Committee, he or she will be expected to contribute to corporate decision making.

Candidates will need to demonstrate successful career development in financial management, preferably in a major service or not-for-profit organisation. The presentation of complex planning issues requires an articulate, decisive but tactful approach, particularly in dealing with committees representing all sides of industry. The preferred age range is 40-50 years.

In addition to a salary to be negotiated, other benefits include a car and an inflation-protected pension.

Application forms and further details are available by telephoning Mrs. Hewish on Watford (0923) 38441.

Completed applications, marked "Head of Finance" and to arrive by 10 August, should be addressed to:

*Ian Macgregor, FCA,
Engineering Industry Training Board,
P.O. Box 176,
54 Clarendon Road,
Watford WD1 1LB.*

EITB Engineering Industry Training Board

Accountancy Appointments

Accountants

Northern Telecom is a leader in telecommunications technology. It is the second largest manufacturer in North America end is the largest producer of fully digital switching end transmission systems in the world. It employs over 42,000 people and its products are used in more than 90 countries.

To support the expanding U.K., European, and Middle East operations we need the following accounting personnel at Maidenhead:

TAX ACCOUNTANT – U.K. c.£16,000

This new position offers an ideal opportunity to develop one's career within a small team which is abla to make a significant contribution to the success of the company.

Initially the duties will involve full responsibility for all aspects of the organisation'e U.K. taxation. Specific areas of involvement will include corporate tax planning, corporate tax accounting, corporate tax complience, as well as some personal tax planning for e number of ex-petriates.

A qualified accountant with experience of corporate tax gained in public practice, commerce or industry, you must have a creative, positive approach to problem-solving and be able to communicate effectively with all levels of internal and external personnel.

ACCOUNTANT – EUROPE c.£13,500

Reporting to the financial controller, this results-oriented role, with scope for initiative, involves sales and capital budgeting and financial appraisals across e number of offices throughout Europe.

A quelified or near-qualified accountant, ideally from a multi-national, high technology background, you must be able to identify closely with business objectives. Some experience of micro-based accounting systems would be advantageous.

ACCOUNTANT – NORTH AFRICA/ MIDDLE EAST c.£15,000

Responsible for all internal and accounting control procedures within this area, you will manage financial raporting, prepera menegement information end during trips to the regional offices ensure that they comply with company reguletions.

A qualified accountant, you must have international banking experience ideally including a knowledge of micro-based systems and financial systems.

Northarn Telecom operates e comprehensive salary plan which rewards and recognises en individual contribution to the company and an extensive benefit package is provided.

If you are interested please telephone or send your C.V. to Colin Luker, Recruitment Meneger, Northern Telecom, Langton House, Markat Street, Maidenhead, Berks. SL6 8BE. Telephone Maidenhead (0628) 35031.

nt northern telecom

ACCOUNTANT

to £16k

Harp Heating, the leading independently controlled domestic heating contractor in the UK (t/o £20m), is lookiog to fill the position of Accountant.

A suitable candidate would be fully qualified with commercial experience aged 30+.

- who could control and motivate 17 staff
- be responsible for the timely producoon of management information, statutory accounts and ensure maintenance of accounting controls
- assist in the development of accounting systems (financial and cosuog)

The successful candidate will report directly to the Chief Accountant and must be able to relate to all levels of personnel outside the accounting funcdon.

For further information and on application form contact:

Mrs Moire Crudgington
Personnel Manager
HARP HEATING
47 Homesdale Road
Bromley BR2 9LF
Tel: 01-464 6575

HARP HEATING

East London — £20,000 + Car

Financial Director (Designate)

Our client is a young, expanding group of transport and distribution companies which also provides an increasingly importaot range of computer services to the transport industry at large. It now needs a Financial Director (Designate) who will report to tha Managing Director and take complete charge of the financial and secretarial espects of the Group's management.

Aged early 30's upwards, tha successful candidate will probably be qualified ACMA and have at least some familiarity with transport and distrubution. Very necessary will be demonstrably successful experience of Accounts departmeot management and the development of clear and sensitive computerised information and control systems in a fast-moving, high transaction level environment.

It will be necessary to earn acceptance in a young and talented management team, but it is expected that successful performance will bring a Board appointment in six months. There is excellent opportunity to grow with and within the group and other benefits will include non-contributory pensioo and private medical insurance, and an equity stake is possible. Assistance will be given with necessary relocatioo exponses.

Letters of application, together with CV, salary progression and any other relevant data, should be sent without delay to Mr. C.A. Cotton, Executive Recruitment Division, Stoy MLH, 126 Baker Street, London W1M 1FH, quoting reference M641.

STOY MLH — Management Consultants

ACCOUNTANTS FOR MANAGEMENT CONSULTANCY

Age 32 – 40 — London — to £25,000 + car

We are the rapidly expanding consultancy arm of a major international accounting firm. We seek qualified accountants with:

- a good first degree;
- sound industrial or commercial experience;
- the ability to express themselves lucidly, both orally and in writing;
- a confident and assured manner.

Please send a full career résumé including salary history and day-time telephone number, quoting ref: 2184, to M.R. Hurton.

Touche Ross & Co.
Hill House 1 Little New Street London EC4A 3TR Telephone: 01-353 8011

Financial Director Designate

Distribution Staffordshire — c. £18,000 + car

A distributor of internationally branded products to the photographic trade seeks an able and experienced financial manager to play a key role in developing the business alongside the managing director.

Important tasks will include the rapid streogthening of the company's management reporting in conjunctioo with the upgradiog of the underlying computer systems. The role will also involve considerable responsibility outside the accounting area so the positioo requires an accountant with a strong commercial bias as well as first-class fioancial management skills. For the right person, an early appointment to the board is envisaged.

If you are a qualified accountant (aged 30-40), with a record of achievement in industry or commerce, and you feel you have the qualities needed for this position, please write io confidence to Mr C. I. McBride, Executive Selectioo Division, Peat, Marwick, Mitchell & Co., Airedale House, Albion Street, Leeds LS1 5TY quoting Reference No. L/417.

PEAT MARWICK

ACCOUNTING OPPORTUNITIES IN THE OIL INDUSTRY

AMERADA HESS (U.K.) LIMITED is a subsidiary of Amerada Hess Corporation, the world's sixteenth largest oil company. We are a rapidly developing organisation directed by an all British management with active exploration and drilling programmes in the North Sea, a substantial income from non-operated production and expanding exploration acreage in North West Europe.

Excellent career development opportunities now exist for lively young accountants with practical experience in a large company or accounting environment. Successful candidates will have a thorough grounding in accounting. The positions are:

OPERATIONS ACCOUNTANT (Qualified) £15,000 to £20,000
Reporting to the Manager Financial Accounting you will initially be responsible for all financial aspects of a number of the Company's non-operated ventures. You will be expected to become fully conversant with the operations, to ensure the integrity of all related accounting and reporting, and will be required to make extensive use of personal computing facilities to maximise efficiency. In your career to date you will have spent at least two years in a large company environment and gained practical experience of complying with UK and US accounting and reporting requirements.

GENERAL ACCOUNTANT (Qualified preferably) – £14,000 to £16,000
Reporting to the Manager General Accounting you will be required to take charge of and develop certain aspects of the essential information prepared by this Department. To achieve this you will have had a minimum of 5 years experience in a sophisticated financial environment, and be able to control significant volumes of routine transactions whilst handling complex non-routine activities and accounting. You will of course be required to make extensive use of computing facilities.

JUNIOR OPERATIONS ACCOUNTANT (Part Qualified) – £10,000 to £11,500
Working in the Financial Accounting Department you will be assisting in the preparation of all aspects of the company's UK and US financial and management reporting. You will have had a minimum of two years accounting experience with a large company.

These appointments require applicants with enthusiasm, adaptability and common sense. There are good promotional prospects, including opportunities to move into more specialised areas.

Applications giving full relevant details and specifying the post you are applying for should be addressed to:

Julian Yates,
Senior Personnel Officer,
Amerada Hess (U.K.) Limited,
2 Stephen Street,
Tottenham Court Road,
LONDON W1P 1PL.

Discover a great career with AMERADA HESS

Financial Accountant

North West — c £14,000 + Car

Our client is the £50 million t/o U.K. manufacturing division of a profitable multinational engineering group.

The Financial Accountant will be totally responsible for the management of the financial accounting function (18 staff), with specific responsibility for the implementation and development of sophisticated computer-based systems. Close liaison with the group's other subsidiaries on a world-wide basis will be required.

The successful candidate will be a young (28-35) qualified accountant (ACA/ACCA), with experience at supervisory level in both professional practice and industrial environments.

The salary package is negotiable and will not be an obstacle to the right candidate. Relocation expenses are available where appropriate and interested applicants should contact **Alan Dickinson,** quoting ref **6983, on 061 228 0396,** at Michael Page Partnership, Faulkner House, Faulkner Street, Manchester M1 4DY.

MP
Michael Page Partnership
International Recruitment Consultants
London New York Bristol
Birmingham Manchester Leeds Glasgow

GUCCI of London

Require a

FINANCIAL MANAGEMENT ACCOUNTANT

Continued expansion and proposed computerisation has resulted in the creation of this new position.

Applicants should be Qualified Accountants (A.C.A. ACCA or ACMA) aged under forty years and have a minimum of five years post-qualification experieoce.

The successful applicant will assume control of the preparation of monthly management accounts, budgeting and variance analysis, as well as producing financial accounts, and will report directly to the Board.

Experience of computerised systems would be an advantage.

ATTRACTIVE SALARY AND BENEFITS

Applications, in writing, with detailed CV, should be addressed to:—

L. L. King Esq, FCA
2 De Walden Court, 85 New Cavendish Street,
London W1M 7RA

YOU CANNOT BE SERIOUS, MAN!

RECRUITMENT CONSULTANT — Salary + benefits + share options

ONLY £12-15k BASIC plus the chance of £100,000+ earnings in the next 3-4 years! All for drive, total commitment, high workrate, talent, ambition and a real willingness to work a succession of 12-15 hour days.

WHAT ELSE DO I HAVE TO DO, man? "Well, John, you need tact, diplomacy, subtlety and a sense of humour."

GEEZ, I'M SUBTLE ALL RIGHT. I'M JUST OCCASIONALLY MISUNDERSTOOD BY ALL THOSE JERKS OUT THERE. "I said diplomacy."
OH YEAH, JUST A SLIP. ANYTHING ELSE I NEED? "Are you aged 22-35?"

YUP! "With a background in Accountancy? That's very important."

WELL, I CHECK MY EARNINGS HOURLY. SAY, MAN, IS YOUR OPERATION THE PITS OR ARE YOU REALLY THE GREATEST? "Well, John, I don't want to put words in your mouth but we do write creative copy."

If YOU have a PRECOCIOUS TALENT and everything else too, write and tell us, enclosing your C.V. to:—

LYNNE ATTWOOD, P.A. to Managing Director,
ACCOUNTANCY APPOINTMENTS EUROPE,
International Business Centre,
1-3 Mortimer Street, London W1N 7RH

Assistant Financial Controller

CITY SOLICITOR'S

We are a large firm of City Solicitors seeking a Chartered Accountant to act as the Assistant to our Financial Controller. This is a naw senior position and the successful applicant will deputise for the Financial Controller.

Applicants, in the age range 35-40, must have accounting and tax experience preferably gained in a Partnership environment. Computer experience is essential.

The successful applicant should be prepared to take up the appointment at an early date.

Applications with full CV should be sent in confidence to: M. H. Charteris-Black, Simmons & Simmons, 14 Dominion Street, London, EC2M 2RJ.

SIMMONS & SIMMONS

PROPERTY OWNERS BUILDING SOCIETY

(Assets £250m)

seeks an ambitious

CHARTERED ACCOUNTANT

to fill a new management accounting role

This senior position will involve the development of new systems of financial modelling and budgetary control using both off-line micro and sophisticated mainframe computer systems.

The successful candidate is likely to be 27-35 with several years' experience in a financial environment and the capacity to work creatively on his or her own initiative.

The job offers considerable opportunity for advancement at a salary of between £12,000-£14,000 and with a generous staff mortgage facility, pension scheme, private medical insurance, etc.

Applications marked "Personal" with full c.v. to:
Mr. M. J. Carter, Assistant Secretary
PROPERTY OWNERS BUILDING SOCIETY
4, Cavendish Place, London W1A 1EP

FINANCIAL CONTROLLER

Fidelity International Management Ltd is a subsidiary of one of the largest, most successful, privately-owned investment management organisations in the world (currently managing over £15 billion).

As a direct result of our considerable growth, we are now seeking a 28-32 year old, ACA or ACCA to take control of a small team at our administration centre in Tonbridge, Kent.

Working in a heavily computerised environment, you will be responsible for the preparation of monthly management accounts to a strict schedule which will include the complex reconciliation of Trading Accounts. You will also lead the implementation of a computerised Nominal Ledger package – a task which will enable you to demonstrate your experience of computerised accounting procedures to the full.

If you've gained your experience in industry or commerce, this is an ideal opportunity to put your knowledge of the basics – particularly double entry – to the test. You'll find our salary and benefits package more than matches your expectations while the career development potential for the right individual is exceptional.

Please write in confidence, enclosing a full c.v. to: Leslia J. Hart, International Personnel Director, Fidelity International Limited, 20 Abchurch Lane, London EC4N 7AL.

Fidelity INTERNATIONAL

Accountancy Appointments

Senior accounting opportunities in Computer Operations and Management Services

South Yorkshire

Our client is the large computer operations and management services division of a British clearing bank providing a full range of sophisticated data processing and communications-related services to group companies. There are two vacancies:

General Accounting Manager

c.£20,000 + car + benefits (reference.F554P)

This is a new appointment involving the control, supervision and development of accounting activities within the division, including budgetary control and management reporting. In particular there will be an emphasis on the control and development of systems relating to recharging the costs of management services to users within the group. Preferred applicants will be qualified accountants, aged 30 to 40, with management accounting and costing experience gained ideally in a multi-location service organisation.

Management Accountant

c.£16,000 + benefits (reference.F574P)

This is a senior appointment in the accounting team, with broad responsibilities including budgeting, budgetary control, project costing and transfer pricing within the group. Preferred applicants will be qualified accountants, aged 28 to 35, with management accounting and costing experience gained ideally in a large organisation.

Please write to M J B Ping, in confidence, enclosing full personal and career details, and quoting the appropriate reference number.

E&W

Ernst & Whinney Management Consultants
Becket House, 1 Lambeth Palace Road, London SE1 7EU

Financial management consultancy – a challenging career move

Cardiff and Bristol based, up to £22,000 + car

C&L

As one of the largest and most diverse firms of management consultants, we work with meny types of organisations in tackling a wide range of business and management problems. We are continuing to expand our Cardiff and Bristol consultancy practices and are looking for further quelified eccountants who want to widen their experience and are seeking e greater challenge.

you must be ...

- aged 28 to 34
- a graduate accountant, with at least 3 yaars' background in industry/commerce
- able to show reel echievement in your career to date.

we offer ...

- tha opportunity to develop and broaden the skills essential for your futura career in senior managament
- a stimulating, multi-disciplinary environment
- exposure to tha latest business, financiel and DP tachniques
- rapid career and eamings progression.

Résumés, including e daytime telephone number to A N Latham, quoting Ref. F20/16.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Nelson House Rupert Street
Bristol BS1 2QA

TAX PARTNER DESIGNATE

ACAs 28 – 35 — **To £30,000 + Car, Central London**

Our client is a successful and expanding medium sized firm of Chartered Accountants seeking to recruit a tax partner designate for its London office.

Candidates (male or female) should be able to demonstrate experience in both corporate and personal tax planning and special work at Manager level and have the personal qualities to achieve partnership within two years. Existing tax partners with or without accompanying portfolios will be considered on a negotiable basis.

Clients range from wealthy individuals, family businesses, professional partnerships and close companies up to listed groups.

We have detailed information on this challenging opportunity which can be obtained by telephoning George Ormrod BA (Oxon) or Gary Johnson on 01-836-9501 or write with CV to Douglas Llambias Associates at our London address quoting reference No 4622.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101
3 Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

DLA

Chief Accountant

Financial Director (Designate)

c. £18,000 + profit sharing + car + benefits.

MANDORA (UK) LTD. is a substantial soft drinks company and a wholly owned subsidiary of the very successful Mansfield 8rewery PLC.

They have confirmed their place at the top end of the soft drinks league and offer their products radially, nationally and internationally. Their turnover is about £35M and they are profitable.

Based at Mansfield the Chief Accountant will report directly to the Managing Director with a functional responsibility to the Group Financial Director. He/she will be responsible for the main financial operations of the company which will include cash control and forecasting, management accounting, financial accounting and supporting the computerised management information base. Close liaison with the Group Financial Director will confirm the individual's financial management ability and lead to his/her promotion. A strong emphasis is based on marketing and selling, stock control, materials and production management and distribution and the financial demands which result from these functions.

Candidates in the 28-35 age range are most likely to have the appropriate experience. They must be professionally qualified and show a confirmed track record at financial controller/chief accountant level, preferably with an FMCG background.

This is a career opportunity which offers a basic salary around £18,000 per annum, profit sharing, a company car and other executive benefits.

Please send your curriculum vitae, in strict confidence, to T.D.A. LUNAN at the address below or telephone 0483-574382 for a personal history form quoting reference: 407/FT. This appointment is open to both men and women.

Lunan International

Lunan International Limited,
172 London Road,
Guildford, Surrey GU1 1XR.

Financial Management

Young high-tech company — c.£17,000 + car

A dynamic market-leader, with high growth in Europe and the USA, looking to e USM listing within two years. A small, motivated staff and custom facilities in rural Oxfordshire, and a strategic move by the founding MD to devolve financial management responsibility to this new position.

However, authority and credibility within this essentially engineering-driven enterprise will have to be achieved. *Working solo for an initial period, with a new DP system*, e small staff and external advisers, you will provide and develop the accounting and management information functions. As your influence develops, strategic financial planning, treasury and tax operations, and a part in the company's overall management will feature progressively.

This is a demanding, hands-on opportunity — but with obvious rewards for hard work and commitment. Aged late 20s — early 30s, probably ACMA, you should possess relevant accounting experience in e manufacturing environment, be computer literate and demonstrate personal presence and professional potential. Electronics industry knowledge is an advantage.

Starting salary is around £17,000, plus car and full relocation assistance.

Please send e full cv or telephone or write for an application form to Ivor Harland,
Ref: AA78/8777/FT.

PA

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

Financial Analyst

The Nabisco Group is a food industry world leader with an annual UK turnover in excess of £400 million and a range of prestigious brands including Shredded Wheat, Walkers and Smiths Crisps, Planters Peanuts, Jacobs and Huntley and Palmer.

We are now looking for a Financial Analyst to join a small, highly skilled team at our UK headquarters in Reading, responsible for the maintenance of financial overviews of our UK operating companies, their long-term planning, budget appraisal and management reporting.

We require a young qualified Accountant who has already had exposure to the management information needs of a major commercial or industrial organisation, ideally a UK subsidiary of a US corporation, and who will respond well to an fmcg environment offering a high level of professional freedom and close liaison with senior management.

If your CV features a degree - ideally business-related - 2-3 years' post-qualification expertise, and familiarity with computerised systems and you are already earning in the region of £13,000, Nabisco can additionally offer a highly attractive remuneration package and exceptional prospects for career development.

For more information and to arrange an early discussion, please contact Steven Bedford, Personnel Department, Nabisco Group Ltd., 121 Kings Road, Reading, Berkshire RG1 3EF. Tel: Reading (0734) 583535.

NABISCO GROUP Ltd

Financial director

West Midlands, up to £20,000 + car

C&L

Our client, a market leader in the field of medium engineering with a turnover in excess of £25 million, is seeking a Financial Director.

The main objectives of the position will be to formulate and implement the financial aspects of the company's strategy, to provide financial data for planning and management reporting and to develop new management information systems for all aspects of the business. Responsibilities will include the management of the finance, data processing and company secretarial functions. As e member of the Executive Management Committee he/she will play a full part in the decision making process.

The successful candidate will be a qualified accountant, aged 30-50, with proven experience of the above in manufacturing industry. A hardworking and tough approach is important, together with the ability to communicate effectively and provide flair and originality.

Résumés including a daytime telephone number to A Pacey, Executive Selection Division, Ref. R858.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

43 Temple Row
Birmingham B2 5JT

French Speaking Accountant

CITY BASED — c.£14,000 p.a.

We are a rapidly expanding European insurance/emergency services company with headquarters in Paris.

Continuing growth in the UK has created this new position for a practical part or fully qualified accountant to take over the day to day running of the finance function and to develop our accounting systems.

If you are under 40, a fluent French speaker with a knowledge of computerised accounting systems, please telephone Roger Ruette: 01-583 2255 for an informal discussion.

GESA

8/12 New Bridge Street, London EC4V 6AL

High Flyer — Leisure
C. London
£14-16,000+ Excellent benefits

An exceptional opportunity for a newly-qualified accountant to join the finance team at the group HQ of this international organisation. The role involves high-level reporting on various business areas in rotation, together with ad hoc reporting, budgeting and cash flow planning. Candidates should be graduates looking for early promotion within a successful world leader.
Call Jane Woodward B.A. — Ref: 8202

Marketing Officer — Banking
City
£15-20,000

As a member of a high calibre team you will be involved in marketing the services of this extremely successful international bank, dealing with syndicated loans to European ventures. The successlul candidate will have previous experience in a relevant banking function and probably be aged 25-32.
Call Ian Gascoigne M.A. — Ref: 8146

Controller Under 28
to £20,000

This world leoder in the new technologies is currently seeking to appoint a young graduate ACMA to the management team of one of its fastest growing export-lead businesses in the southern Home Counties. Emphasis will be placed upon the development of commercial and financial policy. The previous incumbent has moved into a general management role.
Call Bill Curteis B.A. — Ref: 8226

Management Accountant
Market Intelligence
to £15,000

This international consumer products company is developing management information systems for product development, planning and intelligence sources. It offers a broad career path to the newly qualified ACMA/ACCA who will initially use experience gained in financial modelling and systems development and utilize the latest computer software.
Call Penny Strawson B.A. — Ref: 8151

Personnel Resources
75 GRAYS INN ROAD, WC1X 8US 01-242 6321

Accountancy Appointments

P.A. to TAX PARTNER

(Prospects to Partnership)

A.C.As (+A.T.I.I.) 28 – 33 **£15,000 – £20,000 West London**

Our client is a medium sized firm of chartered accountants which has identified the need to recruit a P.A. to one of the Tax Partners to handle rapid growth in tax consultancy work and to provide continuity in some of the firm's special sector tax work where it is an acknowledged field leader.

Candidates should ideally have trained in a small to medium sized practice and have at least three years mixed corporate and personal tax experience in a medium or large practice, post qualification. Experience of the following would be particularly welcomed:

– *Corporate Tax, Partnership Tax, Senior Executive Remuneration including Planning,* D.T.R., *Residence and Domicile,* C.T.T. (Planning), V.A.T., New business start up advice, and tax practice development.

For more information please contact George Ozmrod B.A. (Oxon) or Colin Mutton A.C.A. on 01-836 9501 or write with your C.V. to Douglas Llambias Associates Limited at our London address quoting reference number 4624

410 Strand, London WC2R 0NS. Tel: 01-836 9501
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101
3 Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

DLA

Head of Internal Audit

Up to £25,000+car Southern England

Our client, is a major Group with a worldwida turnover of c£650m, engaged in the manufacture and distribution of speciality products. It is itself part of a large U.K. based international organisation and is seeking to appoint a Head of Internal Audit reporting directly to the Group Finance Director.

The Internal Audit Department is already well established in the area of financial controls but further development is required in the auditing of management controls and of increasingly complex computer systems.

To manage this department effectively, you will need to have had considerable experience of handling audit procedures in a large multi-national commercial organisation either as a senior member of an internal audit function or at senior management level in the profession. You will possess the maturity, drive and professional standing to ensure that the department has a valued impact in a large organisation. You must be prepared to travel up to 40% of the time, mainly within the U.K. and Europe but occasionally to Africa and the Far East.

A salary of up to £25,000 will be offered together with a wide range of benefits commensurate with a position of this importance. Please apply in the first instance, to Ian Lovatt, enclosing your c.v., to

Moxon Dolphin & Kerby Ltd.,
178-202 Great Portland Street, London WIN 5TB.
Please state in a covering letter any companies to whom you do not wish your application forwarded. Ref. IL/FT/4157.

MOXON DOLPHIN & KERBY LTD

Advance with this International Expansion

Capital Markets **Finance Manager**

Rapid growth and planned expansion have further enhanced the worldwide network and extensive financial services provided by this major International Bank. This has led to the opening of a *new, wholly owned UK subsidiary in the City which* has recently commenced operating in the London capital markets.

In the newly created role of Finance Manager, you will report directly to the Associate Director Administration and Accounts and be responsible for the accurate and timely preparation of financial and management information. In particular you will advise upon and implement computerised systems establishing precise checking procedures in the *overall financial control of the company's business.*

Aged late 20's to mid 30's, you are ideally a qualified accountant with relevant experience gained in an international financial environment. You are totally flexible in your approach and enjoy supervising *and motivating a small team. Future prospects* for promotion are excellent in view of the company'a exciting plans for further expansion and development.

A salary of c.£20,000 is envisaged with attractive banking benefits. For further information please ring or preferably write in confidence to: Carmina Leon of Cripps, Sears & Associates Limited, (Personnel Management Consultants), 88-89 High Holborn, London WC1V 6LH. *Telephone 01-404 5701.*

Cripps, Sears

ACCOUNTANCY APPOINTMENTS APPEARS EVERY THURSDAY

Rate £34.50 Per Single Column Centimetre

For Further Details Phone Irene Noel 248 5205

FINANCIAL CONTROLLER

c £17,500 PLUS CAR

Following an internal promotion, the B. Elliott UK Merchanting Division has a vacancy for a Financial Controller.

The successful applicant will report directly to the Divisional Chairman with an indirect reporting relationship to the Group Senior Financial Executive as well as other Divisional Executives.

The job is a line position and the incumbent is expected to assist the Divisional Chairman and his executives in the general management of the Division by providing advice to maximise and improve the profitability of a Division which has been profitable throughout the recession and to ensure compliance with the guidelines laid down at both Group and Divisional level.

To meet tbe requirements of the job, we need a qualified Accountant, preferahly Chartered, probahly aged between 28 and 40, with good commercial experience. Line experience, a good knowledge of computers, a clear and concise reporting ability and the personality to deal with all levels of management are the most important qualities sought.

The position is a senior one and for this an initial salary package of around £17,500, depending upon the individual selected, a company car, private medical insurance scheme and a generous non-contributory pension scheme are offered.

Candidates seeking to progress in financial management or a move into general management will therefore be well placed to achieve this, after a suitable period of making their mark, either by an executive management role in one of the operating companies of the Division or in one of the growth areas of the Group.

Applicants should send curriculum vitaes to:

Mr. D.M. Ruscoe at B. Elliott, plc

167 Imperial Drive, Harrow, Middlesex HA2 7JP, quoting reference PS/2

Audit Services

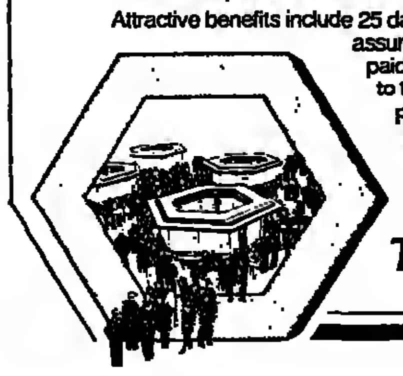
Up to £16,000 plus valuable benefits

The Stock Exchange depends on highly-sophisticated information systems. It has one of the most advanced and effective commercial DP and communication networks in the City, which is being expanded rapidly to accommodate additional UK and international services for the financial community. Known changes will radically alter the structure of The Stock Exchange, together with its Trading Systems, and will *utilise the most advanced technology.*

Audit Services is responsible for the independent appraisal of the full range of Stock Exchange activities on both operations and new systems development. Assignments cover ad hoc investigations to improve business efficiency, management control and reviews of systems under developmant. Experience of these will be invaluable to future career development, either in management or audit.

To join this team you need to be a qualified Accountant ideally in your late 20's with solid experience of management controls and exposure to the audit of computerised systems under development. Often assuming a "consultancy" role, you must be able to understand and appraise complex systems and operations and recommend *workable improvements.*

Attractive benefits include 25 days annual holiday, non-contributory pension and life assurance schemes, BUPA for you and your family, fully-paid season ticket, subsidised lunches and commitment to training for personal and career development.



Please telephone Jennifer Gregson for further Information or write to her at The Stock Exchanga, Old Broad Street, London EC2N 1HP, (01-588 2355 ext. 8683) with full career details.

The Stock Exchange

TROUBLESHOOTING ROLE

An excellent opportunity for a young, Chartered Accountant preparing to develop a career outside the profession. This U.S. multinational offers a progressive financial role within a small, professional team responsible for the statutory and fiscal accounts of operating subsidiaries throughout Europe. You will be directly involved in systems and tax reviews, international tax planning and monitoring developments affecting *European operations. This highly visible position offers* considerable exposure to senior management, rapid promotion prospects plus overseas travel

C. LONDON. Ref: JG **c.£13,000**

EUROPEAN OPPORTUNITY

Our client is a major U.S. multinational incorporating several 'household name' subsidiaries. Exceptional expansion together with rapid management progression has resulted in a number of career opportunities at all levels in this European audit department. Based in Brussels, the successful candidates will receive generous ex-patriate tax concessions and work in a wide variety of European locations. Prospects are excellent for a move into a line role based anywhere in Europe (including U.K.). Candidates should be qualified accountants under 35, with a command of at least one European language and a readiness for extensive travel.

BRUSSELS. Ref: GR **c.£19,000-£24,000**

ROBERT HALF
FINANCIAL RECRUITMENT SPECIALISTS
ROMAN HOUSE WOOD STREET LONDON
EC2Y 5BA. 01-638 5191

Financial Analyst

c.£17,500 + car

International Financial Planning & Analysis

An exceptionally interesting opportunity has arisen within the financial department of the international headquarters of General Electric Information Services Company (USA)*, based in Kingston.

GEISCO, the Information Services Division of General Electric Company (USA), one of the world's largest companies, has developed into the largest supplier of international business systems and operates the most powerful and efficient teleprocessing network commercially available in the world today.

With operations in 24 countries around the world, the process of financial consolidation, analysis, and planning is highly complex, requiring a sophisticated team of financial experts. An opening has arisen for an analyst to join the organisation, *taking responsibility for on-line collection* and analysis of financial results and forecasts, budget preparation and financial management reporting.

Candidates, male or female, should have ACA or equivalent, followed by 2/3 years of financial analysis experience gained within a large international company, preferably American, for familiarity with U.S. accounting techniques. Also required is a degree of keyboard literacy which will give the individual freedom of operation on-line. Preferred age 27-33.

Please send written applications giving concise but relevant career details to the consultant advising on the appointment, John Stirling, Ref. 8413/JS, AK Selection, 20 Soho Square, London W1A 1DS.

**Not connected with the General Electric Company PLC of England.*

Austin Knight Selection

Financial Controller

Key finance and business management role

Neg. c. £20,000 + bonus and car : North West

The company employing 150, part of a major diversified international Group, manufactures and sells high added value chemicals to manufacturing chemists world-wide. Local management autonomy is high, turnover and profit growth record very impressive, and plans to achieve aven better business performance exciting.

This is the senior finance appointmant in the company. Raporting to the Managing Director accountability will be for all financial and management accounting – and you will be expected to play a full rola in the business as a key member of the top management team.

Aged 28 to 40 and a qualified accountant you will be a seasoned finance professional with a proven record of performance improvement in manufacturing companies with turnovars of around £15 million.

Salary indicator £20,000 but could be higher for the exceptional candidate. Executive car, bonus, good pension, BUPA, and generous help with relocation.

Please write – in confidence – to John Hodgson ref. B.18295.

This appointment is open to men and women.

HAY-MSL Selection and Advertising Limited,
Sovereign House, 12-18 Queen Street, Manchester M2 5HS.

Offices in Europe, the Americas, Africa, Australasia and Asia Pacific.

HAY-MSL
MANAGEMENT SELECTION

RECENTLY QUALIFIED ACCOUNTANT

From £14,500 upwards **City**

A well established and expanding Lloyds Broker, recently acquired by a major bank, seek to appoint a recently qualified accountant as their Assistant Chief Accountant.

They will report to the Group Chief Accountant and supervise the production of monthly management accounts, budgets, forecasts, year ends, tax returns, Lloyds and *company returns.*

In addition to being qualified, applicants must have either audited Lloyds Brokers whilst in the Profession, or have already worked for a Lloyds Broker.

This is an excellent career opportunity as it is envisaged that the successful candidate will progress to a more senior position within 12-18 months.

Please send curriculum vitae in confidence to:

Antony Dunlop Ltd.
Accountancy Recruitment Consultants
International Business Centre
29 Glasshouse Street
London W1R 5PA. Tel: 01-734 6080
Telex 296146/7 RECENT G.
Piccadilly

EUROPEAN TROUBLESHOOTER

SWINDON **neg. to £20,000 plus CAR**

Our client, a top U.S. MULTI-NATIONAL with EUROPEAN TURNOVER c.$400m and expanding very fast, seeks a capable young QUALIFIED ACCOUNTANT, either ACA/CA/ACCA/MBA or equiv., aged 27-33 with a further language capability in FRENCH, GERMAN, ITALIAN or SPANISH.

There is fairly high travel content THROUGHOUT EUROPE on individual assignments lasting 2-4 weeks and the successful candidate will be strongly self-reliant, energetic and highly competent both work-wise and in inter-personal relationships.

Previous commercial experience is preferred and an ideal background would be in management information systems within a multi-national environment.

A TWO WEEK INDUCTION period will initially be spent at Corporate H.Q. in the U.S.A. and there will be regular subsequent trips for debriefing, reviews and conferences.

Promotion prospects are EXCELLENT as the appointee will have VERY HIGH VISIBILITY to senior management.

Interviews, probably near HEATHROW, will be conducted on July 20th-21st and FRONT RUNNERS may be seen beforehand by the company's adviser.

Please telephone and send career details to:—

GEORGE D. MAXWELL, Managing Director,
ACCOUNTANCY APPOINTMENTS EUROPE
1-3 Mortimer Street, London W1N 7RH
Tel: 01-637 5277 ext 281/282 or direct 01-580 7695/7739

Accountancy Appointments

Accountants for Industry

West Yorkshire *£11-14,000+car*

Our client, a major and diverse public group of manufacturing companies based in West Yorkshire, requires two accountants to strengthen its expanding financial and management control function.

Corporate Review c£14,000+car

Reporting to the Financial Director, this position will be responsible for the development of financial and operational planning around the group together with the review of subsidiaries' internal systems and controls. The successful candidate, aged 27-33, must be a qualified accountant with a proven and successful track record of planning and budgeting, preferably in a group situation. He/she will need the flair and confidence to deal with all levels of management and must have excellent oral and written communications skills.

Accountant c£11,000

This appointment provides an opportunity for a move into industry for a recently qualified Chartered Accountant who has had a broad professional experience to date. The position involves the collation and consolidation of group information to strict reporting deadlines. The candidate will also be required to undertake finance related ad hoc exercises within the group.

Both positions have an attractive benefits package and re-location expenses would be considered for the right candidates. For further information and an application form please write to:

Alan Dickinson,
Executive Selection Division,
Price Waterhouse,
York House, York Street,
Manchester M2 4WS.

Price Waterhouse Associates

PLANNING ANALYST

US Market Leader

Thames Valley **to £15,000**

A positive commercial approach is demanded of Planning Analysts in this successful household-name company. It offers bright, ambitious young accountants the opportunity to be financially and operationally involved in their own business area.

These roles are the first step on the career ladder and should lead to general management. They include:—

- **Provision of financial advice to senior management**
- **Ad hoc projects and investigations**
- **Financial Control of a Business Area**

To succeed in this environment candidates aged 25-28, must have *presence, determination and self-motivation*, with the ability to accept a high level of autonomy and responsibility.

To apply, please call Jane Woodward, BA

Personnel Resources
75 GRAYS INN ROAD, WC1X 8US 01-242 6321

REGIONAL TREASURY MANAGER

Credit Management **neg. c.£15,000 plus benefits**

Our SWINDON based client has current annual turnover in excess of $1,000 million and expects a 40% increase in the current year!

Due to promotion of the present jobholder, we require a DYNAMIC young man or woman aged 27-33 to run a KEY DEPARTMENT embracing the credit control function, cash forecasting, day to day bank account control and close liaison with the EUROPEAN TREASURY FUNCTION.

Approximately 70% of the job is CREDIT MANAGEMENT and the successful applicant should have substantial relevant experience including balance sheet analysis. A background in ACCOUNTANCY would help and time spent with a FINANCIAL INSTITUTION would be distinctly advantageous.

However, there is a premium on STRONG INTERPERSONAL SKILLS above all.

Please telephone and send career details to:—

LYNNE ATTWOOD, P.A. to the Managing Director,
ACCOUNTANCY APPOINTMENTS EUROPE
1-3 Mortimer Street, London W1N 7RH
Tel: 01-637 5277 ext. 281/282 or direct 01-580 7695/7739

MANAGER INTERNAL AUDIT – EUROPE

Herts/Essex border **To £20,000 + car**

Our client, a very successful international group which manufactures and markets business equipment and supplies, achieved a worldwide turnover of £1.2bn in 1983.

Based in the UK Company but reporting to the Director Corporate Internal Audit in the US he/she will be responsible for managing an effective audit function that reviews and evaluates financial, operational and management control systems throughout the European subsidiaries and branches. Assisted by three staff (two qualified) the work will also involve special reviews of sensitive areas, proposed acquisitions and recommendations for improved efficiency and profitability.

Candidates should be Chartered Accountants, aged to 35, with experiance of a large international professional firm at managerial level, or equivalent business experience. About 30% travel to the Continent and the US will be necessary. Success in this key position will lead to further promotion within this expanding group.

Applications under Ref RC218 to: Miss Marion Williams,
Extel Recruitment, 4 Bouverie Street, London EC4Y 8AB.
Tel: 01-353 5272

Extel Recruitment Executive Selection Consultants

Finance Director

up to £35,000

Our client is a British owned international PLC, with HQ in central London and several overseas subsidiaries.

Candidates must be Chartered Accountants with comprehensive commercial experience covering all main board financial and secretarial functions in a substantial quoted company.

Leslie Coulthard Associates
St. Alphage House, Fore Street, London Wall, London EC2Y 5DA.

Director of Finance

Applications are invited for the post of Director of Finance. The vacancy arises from the appointment of the present holder to a post outside the Electricity Supply Industry.

The Central Electricity Generating Board is one of the largest integrated electricity generation and transmission authorities in Western Europe. Currently its gross revenues are over £7,000 million annually, and its annual capital expenditure in the region of £800 million.

The Director of Finance is responsible for the full range of financial and accounting activities which are normal for an organisation of this size, but in addition carries responsibility for commercial activities, and for advising on the formulation of the Bulk Supply Tariff.

He/she has a key role as financial adviser to the Board, who will look to him/her to develop financial policies which assist the Board's operational strategy, having regard to the economic climate in which the Board operates. Experience of finance management in a very large organisation, and the ability to demonstrate mature judgement on financial issues, are essential requirements.

Applicants are likely to be at least 40 years of age with professional and academic qualifications.

Initial salary for this appointment will not be less than £30,000 per annum, together with the usual benefits pertaining to an appointment at this level.

Applications, quoting ref. 129/84/FT and giving full details of experience, qualifications and present salary, should reach the Deputy Chairman, C.E.G.B., Sudbury House, 15 Newgate Street, London, EC1A 7AU not later than 30 July 1984.

CENTRAL ELECTRICITY GENERATING BOARD

AUDIT MANAGEMENT

Fast Moving Financial Services Environment
c. £20 – 25,000 + Car and Benefits

Our client is a leading financial services company with an outstanding record of profitable and on-going growth and is based in the Thames Valley area.

The Audit function fulfils a key role in the development of organisational systems and controls, and they are now seeking to strengthen the department by the appointment of a **Chief Internal Auditor** and an **Audit Manager.**

The requirement is for individuals of the highest calibre, preferably ACA's, who have a strongly pro-active and constructive approach to audit. Candidates are likely to be in their 30's and already holding a senior audit role in a company respected for its sophisticated approach to the function.

These positions represent exceptional opportunities to join a company which has a remarkable track record and equally ambitious plans for the future. The only constraint on further career development is likely to be the ability of the individual. To find out more about these roles please contact us.

Candidates of either sex should apply, in confidence, quoting ref. 518/FT to: Johnson Wilson – Management Search, Clarendon House, 33 Hyde Street, Winchester, Hants SO23 7DX or telephone (0962) 53319 (24 hr service).

JOHNSON WILSON MANAGEMENT SEARCH

Top Executives

earning over £20,000 a year

Can you afford to waste nearly £2,000 a month in delay? Minster Executive specialises in solving the career problems of top executives. The Minster programme, tailored to your individual needs and managed by two or more partners, is your most effective route to those better offers, 75% of which are never advertised.

Our clients have an impressive record of success; many blue chip companies retain our services in the redeployment of their top people.

Telephone or write for a preliminary discussion without obligation—or cost.

MINSTER EXECUTIVE LTD
28 Bolton Street, London W1Y 8HB. Tel: 01-493 1309 / 1085

ACCT. MANAGER

This well-known company, involved in the provision of finance for export, requires a highly motivated individual to assume control of non-performing accounts mainly in Latin America. Reporting directly to an Executive Director, a high level of administrative competence is required in all aspects of debt collection, which will entail legal and banking knowledge and exposure to ECGD or allied policies. The ability to communicate in Spanish would be an advantage, and candidates should be free to travel overseas. **c.£20,000+**

INTERNATIONAL FINANCE

Respected U.S. merchant bank seeks a Senior Assistant to the Director to join a team developing and marketing financial services in the Far East. A knowledge of loan syndications, bond issues, private placements, money market, commercial paper and agency appointments is preferred. Candidates should be graduates, possibly with an accountancy or legal qualification, and will have had a minimum of three years relevant experience in investment/merchant banking, marketing a broad and comprehensive range of products. **£ Neg.**

PLEASE CONTACT PATRICK FREEMAN

ROBERT HALF BANKING
R-H ROMAN HOUSE, WOOD STREET, LONDON, EC2

EDP AUDITOR

U.S. BASED POSITION

$30,000+

Uniroyal Inc., a major U.S. multinational, seeks a high-calibre EDP Audit professional to conduct comprehensive reviews of company-wide data processing installations. This challenging position is based in our head office in rural Connecticut (NYC 80 miles) and involves approximately 45% travel worldwide.

Ideal candidate should possess substantial hands-on IBM mainframe experience, knowledge of Cobol, and a formal accounting background (preferably ACCA, ACA or equivalent).

Benefits include health insurance, visa and relocation assistance.

Please submit c.v. including salary history to:
EDP AUDIT
UNIROYAL LIMITED
62 HORSEFERRY ROAD, LONDON SW1P 2AH

A direct line to the executive shortlist

InterExec is *the* organisation specialising in the confidential promotion of Senior Executives.

InterExec clients do not need to find vacancies or apply for appointments.

InterExec's qualified specialist staff, and access to over 100 unadvertised vacancies per week, enable new appointments at senior levels to be achieved rapidly, effectively and confidentially.

For a mutually exploratory meeting telephone:

InterExec

London	01-930 5041/8	19 Charing Cross Rd, W.C.2.
Birmingham	021-632 5648	The Rotunda, New St.
Bristol	0272 277315	30 Baldwin St.
Edinburgh	031-226 5680	47a George St.
Glasgow	041-332 3672	180 Hope St.
Leeds	0532 450243	12 St. Paul's St.
Manchester	061-236 8409	Faulkner Hse, Faulkner St.

The one who stands out

People aren't redundant -only jobs.

So don't write yourself off just because your job has gone. We can help you by offering a choice of **Career *Development*** programmes designed to get you the right new job as quickly as possible.

Telephone for a free, confidential appointment — or send us your c.v.

CHUSID
The Professionals in Career Development

London: 01-580 6771, 35-37 Fitzroy St., W1P 5AF.
Bristol: 0272 22367, Maggs House, 78 Queen's Rd., BS8 1QX.
Birmingham: 021-643 4830, The Rotunda, New Street.
Nottingham: 0602 584561, Gothic House, Barker Gate, NG1 1JU.
Manchester: 061-228 0089, Sunley Building, Piccadilly Plaza.
Newcastle: 0632 618861, 156-174 Sandyford Rd., Jesmond, NE2 1X6.
Glasgow: 041-332 1502, 141 West Nile St., G1 2RN.

We are also specialists in 'Outplacement' for organisations, through our Group Company Lander Corporate Services Ltd.

Company Notices

NOTICE OF REDEMPTION
KINGDOM OF DENMARK
6¼% 1073-1087 FLUX 800,000,000

Bondholders are hereby informed that the annual redemption instalment of *Lux. Frs. 80,000,000 due on August 14, 1984 has been partially repurchased* for an amount of Lux. Frs. 5,500,000 and partially drawn by lot for the remaining Lux. Frs. 74,500,000 nominal.

The following bond numbers have been drawn by lot in the presence of a notary public and become redeemable at par on and after August 14, 1984 with all unmatured coupons attached thereto:

1118-1128; 1133; 1136-1184; 1205-1243; 1245-1247; 1281-1320; 1338-1330; 1346-1308; 1373-1387; 1388-1402; 1031-1038; 1051; 1471-1808; 1509-7310; 7512-7518; 1523-1527; 1647-7848; 1788-1781; 7763-1781; 1820-1822; 1023-1038; 1940-1064; 1003-2000; 2201-2303; 2307-2463; 2486-2503; 2808-2883; 2700; 2701-2754; 2760-2770; 2780-3804; 2826-2840; 2845; 2850-2884; 2901-3000; 3045-3048; 3051-3053; 3066-3071; 3075; 8106-3134; 3141-3148; 3131-3132; 3171-3174; 3170-3223; 3246-3361; 3378-3378; 3383-3386; 3307-3403; 3440-3483; 3460-3500; 3811-3331; 3508-3607; 3811-3613; 3610-3627; 3630-3830; 3642-3654; 3656-3687; 3682-8707; 3710-8712; 3718-3716; 8718-3726; 3728-3730; 3734-3738; 3700-3780; 3738-3767; 5808-3900; 3081-3082; 4004-4008; 4009; 4012-4015; 4010-4040; 4064-4083; 4090-4093; 4110-4113; 4115-4157.

Furthermore it is recalled that the following bonds drawn in previous years have not yet been presented for payment:

4942; 5160-5164; 3271-5208; 5318-5319; 5376-5305; 5771-3784; 5878-3885.

The nominal amount of bonds outstanding on and after August 14, 1984 will be 240,000,000.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Paying Agent

Luxembourg, July 12, 1984.

TEOLLISTAMISRAHASTO OY
Industrialization Fund of Finland Ltd.
US$25,000,000 8½% Bonds 1977 (81-87)

Notice is hereby given that pursuant to the terms and conditions the redemption instalment of US$3,750,000 as per 18 September 1984 will be withdrawn from the Sinking Fund. Therefore, a drawing by lot of bonds will not be affected this year.

The outstanding amount after redemption as per 18 September 1984 will be US$10,000,000.

INDUSTRIALIZATION FUND OF FINLAND LTD

Helsinki, July 1984

CAISSE CENTRALE DE COOPERATION ECONOMIQUE

LOAN OF US$50,000,000
FLOATING RATES 1078-1998
Unconditionally Guaranteed by the French State

We inform Bondholders that the US$3,330,000 instalment due for amortisation on August 9, 1984 has been met by a draw by lot in the presence of Madame Jeanne HOUSSE, Notary Public in Luxembourg.

Consequently, the 3,330 bonds of US$1,000 numbered:

43838 to 47167 inclusive

will be redeemable at par, coupons at February 11, 1985 and subsequent attached, as from August 9, 1984, date at which they will cease to bear interest.

Redemption of bonds and payment of interests will take place at the following Banks.

CREDIT LYONNAIS, Luxembourg — BANKERS TRUST COMPANY, New York — BANQUE BRUXELLES LAMBERT S.A., Brussels — BANQUE NATIONALE DE PARIS, Paris — COMMERZBANK AKTIENGESELLSCHAFT, Frankfort — CREDIT LYONNAIS, London — CREDIT SUISSE, Zurich

Outstanding amount after this first amortisation.

US$46,670,000

The Fiscal Agent
CREDIT LYONNAIS
—LUXEMBOURG

WORLDINVEST INCOME FUND

DIVIDEND ANNOUNCEMENT
DECLARATION OF DIVIDEND NO. 15

The Trustees of the Worldinvest Income Fund are pleased to announce a U.S. dollar 5.50 per share distribution to Shareholders in respect of the half-*year period from 30th December 1983* to 28th June 1984.

Coupon No. 15 and also any previously unpresented coupons may be presented for payment on or after 1st August 1980 to any of the following Paying Agents:

Bank of America NT & SA.
Hong Kong Branch.
St. George's Building.
No. 1 Ice House Street.
Hong Kong.
B.C.C.
BankAmerica Trust and Banking Corporation (Bahamas) Limited.
50 Shirley Street.
Nassau.
Bahamas.
Bank of America International S.A..
35 Boulevard Royal,
Luxembourg.
BankAmerica Trust Company (Jersey) Limited.
Union House.
Union Street.
St. Helier.
Jersey.
Channel Islands.

Payments will be made subject to any applicable fiscal or other regulations within fourteen days of such presentation.

BANKAMERICA TRUST COMPANY
(JERSEY) LIMITED

R.I.T. EUROPEAN PROPERTIES No. IX B.V.

LOAN OF FF 50,000,000
8¼% 1073/1085

Bondholders are hereby informed that the FF 3,000,000 redemption instalment which is due on August 1st, 1984, has been met by a drawing of bonds.

The 10 bonds drawn by lot, each of a nominal value of FF 500,000 numbered:

13 to 22

are redeemable at par, with coupons at August 1st, 1985 and subsequent attached as from August 1st, 1984 date at which they will cease to bear interest.

Payment of the principal and interest will take place at CREDIT LYONNAIS —LUXEMBOURG

Outstanding amount after this 6th instalment:

FF 20,000,000.

The Fiscal Agent
CREDIT LYONNAIS—
LUXEMBOURG

Legal Notices

IN THE MATTER OF DEREK CADDE MUSIC CENTRE LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of August 1984, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Patrick Granville White of 1 Wardrobe Place, *Carter Lane*, London EC4Y 5AJ, *the* Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 4th day of July 1984.

PATRICK GRANVILLE WHITE,
Liquidator.

Public Notices

INVESTIGATION BY THE MONOPOLIES AND MERGERS COMMISSION PROPOSED ACQUISITION OF BOOKER McCONNELL PLC BY THE DEE CORPORATION PLC

On 21 June 1983 the Secretary of State for Trade and Industry referred to the Monopolies and Mergers Commission for investigation and report under the provisions of the Fair Trading Act 1973 the proposed acquisition of Booker McConnell PLC by The Dee Corporation PLC.

The Commission are required to make their report by 20 December 1984. Any person or organisation wishing to give information or views on this proposed acquisition should write as soon as possible to:

The Secretary
Monopolies and Mergers Commission
New Court
48 Carey Street
London WC2A 2JT.

Art Galleries

RICHARD GREEN, 4, New Bond Street, W1. 01-403 3039. BRITISH MARINE PAINTINGS. Daily 10-6, Sats. 10-12.30.

BROWSE & DARBY, 10, Cork St., W1. 01-734 7984. BRITISH & FRENCH EXHIBITION. 1870-1030.

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 180, Regent St. 01-734 0557.

RAMON'S NIGHTCLUB RESTAURANT, 42, Dean Street, W1. Where today's businessman can relax and enjoy an exciting evening. Various cabaret acts throughout. Charming and discreet dancing partners available. Open nightly 9 pm to 3 am. 01-437 0455.

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Ltd, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: (Editorial) 8954871. Telex: (Advertising) 885033. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd, Guiollettstrasse 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Guiollettstrasse 54. Telex: 416052. Telephone: 7598-157.

INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

Amsterdam: *Editorial and Circulation* Singel 512, NL-1017 AX Amsterdam. Telex: 16527. *Editorial* Tel: 020-276 796. *Circulation* Tel: 020-239 430.
Birmingham: *Editorial and Advertising* George House, George Road, Edgbaston, Birmingham B15 1PG. Telex: 338 650. Tel: 021-454 0922.
Bonn: *Editorial* Heussallee 2-10, Pressehaus II/104, D-5400 Bonn. Telex: 8869 542. Tel: 02221-210039.
Brussels: *Editorial, Advertising and Circulation* Rue Ducale 39 Hertogsstraat, B-1000 Bruxelles. *Editorial* Telex: 23283. Tel: 02-512 9037. *Advertising and Circulation* Telex: 64219. Tel: 02-513 2816.
Buenos Aires: *Editorial* Edificio Sileo Piso 7, No. 74 Avenida Corrientes 456, Codigo 1366, Buenos Aires. Telex: c/o Reuters (London 24 1451. Tel: 01-394 7696.
Cairo: *Editorial* PO Box 2040, Cairo. Tel: 751 482.
Copenhagen: *Circulation* c/o Dansk Bladdistribution, 5A Rosenborggade, DK-1130 Copenhagen. Telex: 16680. Tel: 01-134 441.
Dublin: *Editorial* 25 South Frederick Street, Dublin 2. Telex: 25414. Tel: 01-603 378.
Edinburgh: *Editorial and Advertising* 37 George Street, Edinburgh EH2 2HN. Telex: 72484. Tel: 031-226 4139.
Frankfurt: *Editorial, Advertising and Circulation* Guiollettstrasse 54, D-6000 Frankfurt-am-Main 1. *Editorial* Telex: 416052. Tel: 0611-75980. *Advertising and Circulation* Telex: 416 193. Tel: 0611-75980.
Geneva: *Editorial, Advertising and Circulation* 15 rue du Cendrier CH-1201 Geneva. *Editorial* Telex: 22589. Tel: 022-314 242. *Advertising and Circulation* Telex: 22589. Tel: 022-311 604.
Hong Kong: *Editorial and Advertising* Room 507a, Pedder Building, Pedder Street, Central Hong Kong. Telex: c/o Reuters (London 241451. Tel: 05-226935.
Johannesburg: *Editorial* 706 Union Centre West, 52 Simmonds Street, Johannesburg 2001. Telex: 8-6257. Tel: 011-838 7545.
Leeds: *Advertising* Permanent House, The Headrow, Leeds LS1 8DF. Telex: 666 813. Tel: 0532-454 9381.
Lisbon: *Editorial* Rua da Prior 31-33, 1200 Lisbon. Telex: 12533. Tel: 019-674 405.
Madrid: *Editorial* Espronceda 32, Madrid 3. Telex: c/o Reuters (London 241451. Tel: 91-441 6772.
Manchester: *Editorial and Advertising* Queen's House, Queen Street, Manchester M2 5HT. Telex: 666 813. Tel: 061-834 9381.
Mexico City: *Editorial* Calle Dinamarca 54-500, Col. Juarez, Mexico 6DF 06600. Telex: c/o Reuters (London 241451). Tel: 592 5822.
Milan: *Editorial* Piazza Cavour 2, Milan. Tel: 02-706 188/781 075.
New Delhi: *Editorial* 3 Sardar Patel Marg, Chana Kyapuri, New Delhi 110021. Telex: 81315590. Tel: 011-374 308/011-376 484.
New York: *Editorial, Advertising and Circulation* 14 East 60th Street, New York 10022. *Editorial* Telex: 66390. Tel: 0212-752 7400. *Advertising and Circulation* Telex: 238409. Tel: 0212-752 4500.
Paris: *Editorial, Advertising and Circulation* Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044 Paris Cedex 01. Telex: 220044. *Editorial* Tel: 01-297 0625/6/7/8. *Advertising* Tel: 01-297 0621/2. *Circulation* Tel: 01-297 0620/0623/0630.
Rio de Janeiro: *Editorial* Avenida Rio Branco 45, Salas 2611/2612, Centro CEP 20090, Rio de Janeiro RJ. Telex: 213 3593. Tel: 021-263 8845.
Rome: *Editorial* Via della Mercede 55, Rome. Telex: 610032. Tel: 06-678 3314.
Singapore: *Editorial* Times House, 390 King Seng Road, Singapore 0923. Telex: 21239. Tel: 733 2511.
Stockholm: *Editorial* c/o Svenska Dagbladet, Raalambsvagen 7, Stockholm. Telex: 17603. Tel: 08-50 60 88.
Sydney: *Editorial* PO Box 182, Spit Junction, Sydney. Tel: 02-20924.
Tel Aviv: *Editorial* 10 Bar Giora Street, Tel Aviv. Telex: 341130/341619 33779. Tel: 03-286 672.
Tokyo: *Editorial* 8th Floor, Nikon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku, Tokyo. Fax: 245 0358. Tel: 03-241 2920/2959. *Advertising* Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku, Tokyo. Telex: J27104. Tel: 03-295 4050.
Washington: *Editorial* 1137 National Press Building, Washington DC 20045. Telex: 440340. Tel: 0202-347 1137.

For Share Index and Business News Summary, Telephone 246 8026 (number preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

Marketing in the Middle East

If everyone buys it, it's the right brand

EUROPEAN companies trying to break into the markets of the Arabian Peninsula have often found their plans thwarted by their failure to understand Arabian tastes and culture.

A book that will bring Westerners closer to bridging the culture gap in the management and marketing world is "The Merchants: The Big Business Families of Arabia," by Michael Field, just published by John Murray.*

"The Merchants" is composed mainly of the stories of nine famous families—Alireza, Alghanim, Juffali, Sultan (of W. J. Towell), Algosaibi, Ahmed Hamad Algosaibi, Darwish, Kanoo and Olayan. But several chapters deal specifically with business subjects, including marketing, management and the relationship between rulers and merchants in Arabian society.

The marketing chapter—The Arabian Consumer—from which the material below is taken, discusses the characteristics of the consumer durable market in Saudi Arabia and the Gulf States, and the effectiveness (or ineffectiveness) of advertising and special promotions in reaching this market.

Yusuf Ahmed Alghanim: his company has put more effort into... applying modern marketing to Arabian society than any other in the region

"THE question of values is fundamental to all marketing operations. It takes much preparation properly to identify local needs and to figure out how to appeal to basic motivations, and while you can influence and direct values you cannot do so abruptly. If you try you can fall flat on your face. . ." Kutayba Yasuf Alghanim, General Motors agent, Kuwait.

Summing up the character of his market the average Arabian agent would describe it as: multiracial, very conservative with strong brand loyalties and uneducated in the way it treats machinery. His problem then is how best to promote his product in this society.

Yusuf Ahmed Alghanim and Sons (YAAS). . . the biggest merchant enterprise in Kuwait and one of the top half dozen in the Arabian peninsula (its turnover between 1978-82 was $350-$400m annually). . . has put more effort into applying modern marketing to Arabian society than any other company in the region.

A dominant theme of Alghanim market research has been the differences in buying habits between Kuwaitis and the various categories of immigrants—other Arabs, Indians and Westerners, which is illustrated by a mistake made in the late 1970s.

Several years ago the staff of one of YAAY's divisions marketing household goods, mostly non-Kuwaiti Arabs freshly graduated from the U.S., seriously over-estimated demand when they began selling dishwashers. The product was well within the purchasing power of the average Kuwaiti, and as an electronic labour-saving gadget it seemed that it would be just right for the Kuwaiti mentality. But the dishwashers did not sell.

Europeans bought them but the Kuwaitis themselves did not. They do not use Western-style dishes; instead they cook much of their food in a large pot and eat it by hand from a big dish, neither of which fitted into dishwashers. Meanwhile, the small tea and coffee cups used in the Arab world would not stack properly or fell through the gaps between the racks. The final mistake was in forgetting that any Kuwaiti wife who is sophisticated enough to be interested in dishwashers is rich enough to have servants to wash dishes for her.

Yet Kuwait is the biggest export market in the world for Philips' video cassette recorders which, in Western societies are still regarded as an unusual luxury. The explanation of their popularity lies in the boredom of many Kuwaiti women who spend much of their days watching TV, and in the domestic nature of Arabian social life with its emphasis on providing entertainment for the family in the home rather than in the cinemas or restaurants.

Westerners who are working in the Gulf for just two years are buying goods knowing that they will be abandoning them when they leave, while the much poorer Arab and Indian immigrants are buying all the consumer electronics they can to take with them. . . . This enormously increases the overall size of the market.

Most of the other outstanding characteristics of the Arabian market revolve around its lack of sophistication. In Kuwait marketers have noticed that people have no definite motives for buying things. Simply for a Kuwaiti to hear that a product is new, Western and high technology is often enough to make him buy it. This lack of discrimination on the part of the customer makes life difficult for the salesman who wants to explain that his new line has technical advantages over the competition.

Arabians are extremely brand conscious. This comes from the habit of personalising things: they like to give a proper name to any modern product used in everyday life, rather than to try to think of it in the abstract and refer to it in general terms. The name gives the product a stronger identity; it even bestows affection on it. Most of the manufacturers who have been lucky enough to have their brand name adopted as the name of a product are those who arrived in the Arabian peninsula early in the 1950s and 1960s and who had products that were relatively simple to maintain . . . the fact that other people are all buying the same brand only serves to endorse it as being the *right* brand in the eyes of most Arabians. Helped by this extreme brand loyalty various manufacturers in the 1960s were able to win market shares in Arabia which would be practically impossible in Europe or America.

Advertising in newspapers and on billboards and television is much less effective than in the Western world. Managers in the Alghanim company have said that people do not notice advertisements; the consumer society is too new for them to have learned to respond to what they see on TV commercials and billboards. It seems they do not connect what they are told in ads with possessions they think they might need. The problem is made worse by the laughably bad quality of most advertisements produced in Arabia. Imported campaigns from Europe and America are often so out of tune with Arabian culture that they are ridiculed or ignored totally.

Afghanim wrote an article for Management Review in August 1976:

"Let's say you develop an ad campaign for a line of automobiles. You show a beautiful woman in a long white gown standing in front of a Southern type mansion. Now that might represent an American dream and do what advertising is supposed to do: appeal to basic motivations in terms of desires and aspirations. But would it work in Kuwait? I don't think so—for the simple reason that while Kuwaitis might like the woman, they would not find the house particularly appealing."

Alghanim and Sons has a reputation for much more imaginative marketing than any of its competitors. The company has established its own "in house" agency which does all the creative work on its TV commercials and print ads in Arabic and English and adapts American and English campaigns for use in Kuwait.

The agency has also launched a series of special promotions which in a society that is not advertisement-minded have the built-in advantages of causing a stir and being talked about. Kuwait and all the other Arabian cities are notoriously gossip prone; even today there is much more news conveyed by word of mouth than read in newspapers. One of the Alghanim campaigns gave car buyers a year's free car insurance and another, the "Buy and Fly" campaign, gave air tickets to desirable holiday centres. The bigger the car the further the buyer was flown. Earlier, there was an "every customer a salesman campaign" in which buyers were given two coupons worth 50 dinars ($180) each and promised that if they introduced one or two new buyers the company would exchange one or both of the coupons for cash.

More successful still was a promotion in which every buyer was given a number. At the end of each week six numbers—one for the sales of each day—were drawn from a box, and those whose numbers came up got their cars free. From the moment the campaign was announced it made an impact. Within a matter of hours 81 Chevrolets were sold.

Every Thursday the company would assemble the week's buyers for the draw and because the occasion had at least as much natural drama as any TV lottery or sales programme, the television and newspapers would send teams to cover the event—thus giving YAAS huge additional publicity.

* ISBN 0-7195-4104-2. £16. *A further extract from the book will appear later.*

Ad Agency profitability

A yardstick emerges

BY FEONA McEWAN

IF ADVERTISING is currently causing a stir in accounting circles—with the lifting of professional restrictions in October sending many firms scurrying for an agency—one accountancy firm has now fired a salvo likely to cause a frisson round the adworld.

In a newly published report on agency profitability*, Spicer and Pegler compares notes on the financial performance of the country's top 50 agencies (ranked by "billing" or turnover, according to the annual Campaign table) in what is thought to be the most comprehensive industry review of its kind.

"As far as I'm aware this is the first survey in the UK that gives this degree of information and makes judgments on profitability and efficiency identifying individual agencies by name," says partner and report instigator Bob Willott.

While comparative exercises in the mercurial world of advertising must be treated with caution, the report (which is based on "a meaningful sample of accounts" from Companies House), makes revealing and essential reading for anyone concerned with the business of advertising.

It is well known that agencies are notoriously inconsistent in calculating their billings—due to a combination of varying methodology, different year ends, overlaps with other agencies, and at times a touch of the blarney. The yawning gaps between many of the agency billings in the annual tables compiled by Campaign (based on agencies' own calculations) and MEAL (Media Expenditure Analysis, which directly monitors some media, but not all) has been cause for concern and not a little mirth within industry circles for years now.

Reasons for the report? Willott says: "One had heard bandied around yardsticks of profitability, for instance the IPA (Institute of Practitioners in Advertising) suggests an agency level of profitability at 3 per cent of turnover, but I didn't think many achieved this and thought I'd find out. I thought it was about time agencies had specific information to measure their performance against rather than hypothetical speculation."

THE TOP TEN

Turnover per Employee	£	Pre-tax Profit per Employee	£
1 Wight Collins Rutherford Scot	307,721	1 Wight Collins Rutherford Scott	8,459
2 Connell May & Steavenson	305,571	2 Geers Cross	6,149
3 Reeves Robertshaw Needham	285,579	3 Garratt Baulcombe Ass.	5,447
4 Lintas	270,585	4 Ogilvy & Mather	5,331
5 Geers Cross	256,966	5 Abbott Mead Vickers SMS	5,128
6 Colman RSCG & Associates	242,000	6 Boase Massimi Pollitt	4,731
7 Leo Burnett	219,294	7 Va'In Pollen	4,679
8 Michael Robinson Ass.	218,156	8 Foote Cone and Belding	4,326
9 Boase Massimi Pollitt	217,725	9 Ted Bates	3,906
10 Ogilvy & Mather	213,961	10 Saatchi & Saatchi	3,715

Four of the most striking factors to emerge from the survey are: the urgent need to standardise measurements of turnover; the significant contribution that cash management makes to individual agency profitability compared to the provision of advertising services; the strength of the UK's biggest agency Saatchi and Saatchi in managing to yield a "highly creditable" £3,715 profit per employee in spite of its size; and that the highest paid individual in six of the agencies earned over £100,000 during the year examined (end-March 1982 to end-April 1983).

Peter Marsh, chairman of Allen Brady Marsh was top earner with £189,000, followed in the "highest paid director table" by Geers Gross (£164,000), Ogilvy and Mather (£148,000), Saatchi and Saatchi (£131,000), Connell, May and Steavenson (£107,000) and Wasey Campbell-Ewald (before its merger with Lowe Howard-Spink, (£105,000). This is in spite of Connell being the second least profitable agency in the rankings and Wasey incurring a loss.

On the issue of total directors' emoluments, D'Arcy MacManus and Masius is "far and away the winner" with £1.5m above McCann at £945,000, Doyle Dane Bernbach at £752,000 and Boase Massimi Pollitt at £712,000. Saatchi and Geers Gross are quite low down the league reflecting perhaps, says the report, the greater scrutiny and publicity of the public company.

Agencies that are publicly quoted are among the most profitable in the industry in both levels of profits and profit margins. There is a strong relationship between the top 10 profit earners and agencies with the highest margins. Of the top 10 only four have an operating margin of less than 2 per cent whereas the majority operate on less than 1.5 per cent "which underlines the strength of the most profitable agencies."

Wight Collins Rutherford Scott is conspicuous, says the report, by its dominance of the productivity league with profitability per person a third higher than the next ranked shop, Geers Gross. It also heads the turnover per person table. Curiously, Connell May and Steavenson at number two here, falls in profits per person ranking, to number 30. Geers Gross features strongly (second place) in profit rankings per employee and fifth in turnover per employee.

Of the three largest employers, (Saatchi and Lopex with over 1,000 staff and JWT at 982) only Saatchi is not well down the individual productivity tables, being ranked 20th by turnover per person and 10th by profits per person.

Earned interest accounted for over a quarter of pre-tax profits for six agencies in the sample. For the top three interest earners, the cash management skills, says the report, proved more lucrative than their advertising skills. These were Lintas, TBWA, and Benton and Bowles.

Finally, Spicer and Pegler invites agencies to supply feedback to supplement the published data and help develop the format of future surveys.

**Advertising Agencies' Profitability: A Comparative Study* is available from Spicer and Pegler, St Mary Axe House, 56-60 St Mary Axe, London EC3, price £45.*

THE ARTS

Leeds Castle/David Piper

A glimpse of the medieval mobile home

The re-equipment of medieval castles with appropriate furnishing is always a tricky business. Families can, of course, if they retain their ancentral fortresses, gradually modulate them through the changing tastes of successive generations rather than entirely rebuild. They could even, after subduing the military image into peaceful, and more comfortable, domesticity, employ Robert Adams or Wyatville to re-castellate, especially after Walter Scott had popularised the middle ages. But to recreate an authentic interior ambiance for any date before the establishment of the Tudor dynasty early in the 16th century, is extremely difficult. Quite simply, because surviving furniture of the period is very rare.

The problem confronted the trustees of the Leeds Castle Foundation when the Burrell Collection recalled, from loan to Leeds, some magnificent *pieces on the completion* of its superb new building at Pollok Park, Glasgow. Replacements of comparable quality do not occur easily on the market. The decision was taken to create a facsimile setting. This is a bold decision. Leeds Castle (now running about third in popularity in the league of stately homes) has achieved its success not just by the inherent quality of the dream-like setting in its moat, its parkland, of its building; and of the exquisita flair with which Lady Baillie, who restored it and set up its charitable foundation, managed the interior, but by matching that quality in the necessary developments that have followed on making castle and grounds available to the pnblic as well as to tha promotion of conferences to advance medical research.

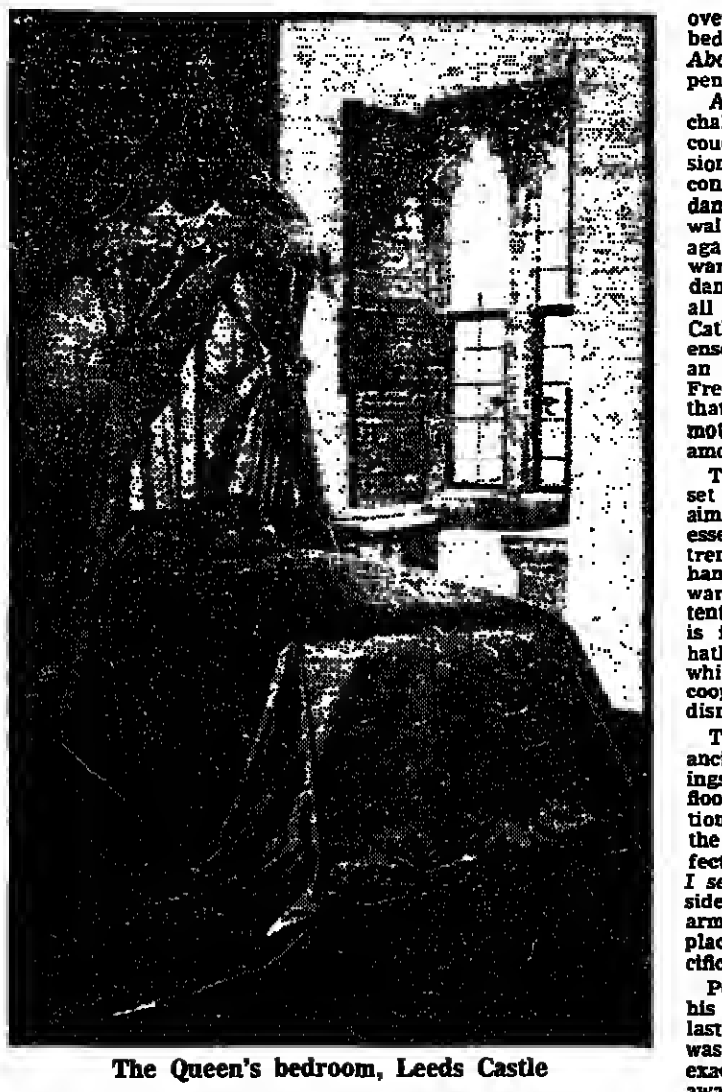
Leeds bas remained resolutely up-market. In that context especially, a most single-minded cours had to be steered between the paths of, on the one hand, the insidious spuriousness of the fake and, on the other, the blatancy of the "period tablean," although perhaps I, as a trustee, am not the person to say so.

The task was entrusted to the distinguished historian of medieval furniture, Dr Penelope Eames, in collaboration with Peter Wilson, known more generally as the revolutionary architect of modern Sotheby's than for his altruistic dedication to the cause of Leeds Caatle. Sadly, his death came just before the finished project was unveiled. Dr Eames, working from contemporary records, documentary and visual, distilled the blue-print, and from it, aided by Peter Wilson's wide-ranging knowledge and sharp instinct for fine tuning, and the expert collaboration of specialist manufacturers ranging from London to Lyon to Florence, reconstructed *Les Chambres de la Reine* as they would have been about the mid-15th century.

The decorum and ritual of court life at the period was fixed even though the court tended to the peripatetic and was constantly on the move. The *scenery at each stage was set* up to accommodate a routine behaviour. One reault of this pattern of life was that when the actors moved on to the next halt, the setting, including furniture, whence they moved could be dismantled either for storage or transport. The structure of furniture was therefore basic, consisting often of a simpte framework (less politely a "carcass") which when set up, would disappear completely from sight as it was fleshed out with an upholstery of mattress or cushions and draperies. So too, harsh stone walls were alleviated by hangings, readily dismountable.

At Leeds the exercise was to re-creata a setting for tha Queen'a bedroom and ber *chambre de retraite* (bathroom). Four French Queens of England had associations with Leeds. Margaret, wife of Edward I, Isabella, wife *of Edward II;* Isabella, wife of Richard II—but, most memorahly, Catherine de Valois, wife of Henry V. She is most generally remembered as one of the protagonists in that enchanting scene in *Henry V* when the king woos her and "frainglais" is born. Of greater moment for British history was, after Henry'a death, the time when she lived at Leeds and fell in love with *Owen Tudor.* From that union descended the Tudor dynasty of the English monarchy.

It is shé who is celebrated in this reconstruction. The bed is built with a sort of inspired invisible pedantry for authenticity: a stout oak frame (no nails) supports straw mattresses, canvas feather bed, fine white linen sheets, bolster, pillows and blankets (bnt apparently no pea to test a princess's authenticity under the bottom layer]. None of this can be seen. Visually, it merely provides the shape for the bedcover to clothe — and that indeed is visible: an expanse of the ricbest red and gold damask that drapes down over the platform on which the bed stands in ordered folds. *Above* it the tester, and *its* pendant curtains drawn back.



The Queen's bedroom, Leeds Castle

At the bedside, a high state-chair, similarly draped. A couch, of much smaller dimensions but with an elaborate conical canopy with the same damask is also provided. The walls are bung with damask again, but this time of green warp with gold weft. The damasks were woven to order, all patterned with Henry's and Catherine's initials in gold. The ensemble refleets very elosely an interior illustrated in a French 15th century manuscript that features, aptly, Catherine's mother, Isabel Queen of France, amongst her courtiers.

The *chamhre de retraite*, here set out as bathroom, has a similar contrast of basic essentials and luxurious accoutrements. Tbe damask wall-hangings here have a green warp and carmine weft; the tall tent-*like* canopy over the *bath* is finest white linen; but the hath, underneath its pristine white linen lining, is a wooden cooper's tub. All again easy to dismanlle.

The two rooms, with their ancient and noble beamed ceilings and subtly mottled tile floors, huse these presentations admirably. The pursuit of the designers has been for perfection. Only in minor items do *I see room* perhaps for reconsideration (the painted coat of arms on the wall over the fireplace, which seems to lack apecific gravity in this context).

Peter Wilson was tireless in his scrutiny of detail and in the last conversation I had with him was slightly fretful about the exact tone of fabric accessories awaited from Prelle of Lyon. The exquisite concordance of colour in these rooms is indeed remarkable, gold oo the clear coral pink, gold on the strong yet delicate green. If Catherine de Valois were to return, she would surely be happy, and it is easy to imagine her bappy gbost in these rooms, when sunlight sbakes off the waters of the moat outside on to their ceilings.

Aphra Behn partially restored

Michael Coveney reviews the first English woman playwright

Aphra Behn (1640-89) is known as the first English woman to earn her living by writing, a fact that recommeoded her once to Virginia Woolf and oow to the newly launched *Women's Playhouse* Trust at the Royal Court. That she wrote weak parts for women and strong ones for men is, perhaps, a nice irony in Jules Wright's revival of *The Lucky Chonce*, first performed in 1686. Ten years earlier Mrs Behn had written her most renowned play, *The Rover*, whicb by happy accident is also revived in London, in a production by Peter Stevenson, at the Upstream Theatre opposite the Young Vic.

Seeing both plays is not to encounter a restoration writer in the class of Dryden, Congreve or even Etherege. The psychological texture of the writing is thin, the wit tenuous, the polish faded. But there is a muscular satiric purpose behind the formulated attacks on arranged marriages, on the absurdity of old aldermen chasing after blooming girls, on the suppression of aspiration and high spirits in penury and squalid submission.

The Lucky Chonce was one of the plays collected three years ago by Fidelis Morgan in a useful volume published by Virago. At the Court, the two revolting old lechers, Sir Cautious Fulbank and Sir Feeble Fainwould, are played by Paul Bacon and Jonathan Adams; their young women—hopeless task, almost—by Harriet Walter and Kathryn Pogson; and the devious gallants, Gayman and Bellmour, by Alan Rickman and Denis Lawson.

The scene is London, designed by Jenny Tiramani as a triangular grey-walled exterior which opens out for the garden acenes to the accompaniment of Purcellian arlettas which the composer Ilona Secacz briskly contrasts with jazzily mellifluous resolutions in the recorded soprano voice (not dissimilar to Cleo Laine's). *This* is fine, though the production reveals a slight insecurity in its jokey introduction of the characters and in too much bad upstage blocking throughout.

The destitute Gayman, his clothes tattered and his mortgage out, is embroiled in a wonderful sequence of masque-like apparitions of lovers and ghosts which lead him from placating an irate landlady with sexual compensation to the very bed of his beloved Julia. And Bellmour gains Leticia through an equally vital plot of disguise and deception.

Alan Rickman switches brilliantly between the sloucb of impoverished despair and relish at his own invention and sheer good luck. He plays with a superb and saturnine grace, gaining laughs through timing ("I have of late been tempted with presents") and force of personality. He still tends to swallow too many lines, but it must be difficult to make all the material sing. Denia Lawson is characteristically adept and decisive.

None of the writing is as impressive as in the best scenes of *The Rover*, all of which concern the vacillation of Willmore between the avenging whore Angellica and the spiritedly defecting noviliate Hellena. Willmore and Hellena *are no Mirabell* and Millamant, but there is a vivacity here quite lacking in *The Lucky Chonce*. For obvious economic reasons the Upstream cannot make much of the Neapolitan carnival setting, but the discomfiting of a pretentious lecher from Essex (played by Duart Sylwain, recently in Fugard's *Master Horold*) is funny enough even without the required trapdoor, and Peter Neathey successfully conveys Willmore's sexual intensity if not his variety of intellect.

In *The Rover* we have the revenge of a wronged whore, a sparkling apology for promiscuity, the attempted rape of the heroine's sister, a farcical conflagration of obsessive lovers. In *The Lucky Chonce*, we see again, but in less depth, the obsessiveness of sexual adventure and much evidence of a good eye for lacerating physical detail: Sir Feeble's undressing for bed, for instance, assisted by he who would cuckold him, or the hesitant communication of the two old codgers stranded at night while plots thicken around them.

The Women's Playhouse deserves to succeed, but more impetus must be found than in the determination of a group of women to run their own West End theatre. You do not carry from *The Lucky Chonce* the same sense of creative urgency attendant on the launch of, say, Joint Stock or, to a lesser extent, the Black Theatre Co-Operative. Running a theatre is a much less important business than knowing what it is exactly you want to present in it, and why.

Alastair Muir

A scene from 'The Lucky Chance' at the Royal Court

Standing ovations for glorious 'Gloriana'

Andrew Porter on English National Opera in New York

The triumph of the English National's ten days at the Met was *Gloriana*, greeted with standing ovations and with cheers for Sarah Walker in the title role. Colin Graham'a production and Alix Stone's decor looked very good in the large house. The three New York performances (preceded by two in San Antonio and one in New Orleans) were the stage première of the opera in this conntry; in 1956 Krips conducted a concert performance in Cincinnati, with an arresting cast: Inge Borkh as Elizabeth, John Alexander as Essex, Theodore Uppman (the first Budd) as Raleigh, Suzanne Danco as Penelope Rich, and Donald Gramm as the Ballad Singer.

After the 1953 Coronation premiere of the work, I "hazarded a guess that of all Britten'a operas *Glorima* is the one that contains most elements likely to win popular favour"—and to that rash guess appended "Time alone will show." The ENO production, oft-revived and much-toured since it came on 18 years ago, has certainly been successful. But people forget that in 1953 there were already enthusiasts (as for Tippett's *The Midsummer Marriage* in *1955) and that the serious re*views weren't all that bad. *The Times* Frank Howes) wrote of "gay, excited, capricious, and ceremonious music"; The *Telegraph* (Richard Capell) of Britten's "brilliant technique"; *The Guardian* (Philip Hope-Wallace] of "an absorbingly interesting evening" and "striking originality"; the *Observer* (Eric Blom) of dazzling orchestration, as remarkable as Berlioz's, and beautifully constructed numbers.

Britten's works loom large in the American repertory. The only contemporary operas done during the Met's own centenary season were *Peter Grimes* and *Billy Budd. Death in Venice* has been playing in Toronto. *Paul Bunyan* has just been staged in St Louis. *Curlew River* reappeared in New York this season. The ENO's *Turn of the Screw*—performed in San Antonio but not, alas, in New York—was highly praised.

The ENO brought to this country a kind of opera not known bere: the work of a large, permanent ensemble company playing music-drama in the language of the audience. (The City Opera's *Street Scene*, last done in 1979, was the nearest I've seen.) It brought few of "stars" known in America — no *Janet Baker, Josephine* Barstow (who was otherwise engaged in an apperantly disastrous San Francisco *Fledermaus*], Rosalind Plowright, or Thomas Allen — apart from Miss Walker (something of a cult figure after her San Francisco Octavia), Anne Howard (a Santa Fé favourite, who aang Hélène in the ENO's *Wor md Peace*), and Valerie Masterson (who has sung Violetta and Cleopatra in San Francisco). Eilene Hannan (Natasha), Helen Feld (Gildal, Jean Rigby (Lady Essex), Arthur Davies (Essex, Dook, Anatol), Neil Howlett (Andrei, Mountjoy), John Rawnsley (Rigoletto), Alan Opie (Grosvenor, Cecil), Malcolm Rivers (Marullo, Dolokhov) were the new "stars."

The *Village Voice* critic called Rawnsley's Rigoletto "the finest in local memory since Leonard Warren." He went too far, I think — but then I'm not sound on Jonathan Miller's *Rigoletto*, set in New York, in a Mafia-controlled Little Italy. (The Sons of Italy ohjections to "racial slurs" and "atereotypes" had died down before the show opened.) The transposition of setting and time is less harmful than in most examples of this fad, and often quite ingenious and amsuing, but it diminishes the drama (the sense of responsibility in public office, a recurrent Verdi theme, is lost) and transports it into more of a never-never land than 16th-century Mantua. If you're in a New York bar and it comes on to rain, you don't say "I'll have to spend the night here" and tell the owner to sleep in an outhouse; you ask him to call you a cab. Long double cadenzas seem inappropriate on the Lower Eastside. The words (especlally when Arthur Davies took over the Duke — Dook — from Dennis O'Neill) were pretty clean. I was even flattered to hear several lines of my old translation replacing those of the James Fenton version that was billed.

The Met, a great gilded barn bolding nearly 4,000 people, is no fit place for serious opera. The acoustics are surprisingly good, but — in Berlioz's phrase — althougb you can hear, you don't vihrate. *Rigoletto* without really big voices lost much of its impact. *Patience* looked stylisb and pretty, but hardly projected. (Multiple encores were given of "Sing hey to you!" but they hadn't really been asked for.) The Met itself has devised ways of projecting action forward into the house (in its *Lulu, Budd, Bortered Bride, Mohogonny, Entführung*). Much of the ENO actioo seemed set oddly far upstage, and Mark Elder had sunk the orchestra into a deeper pit than James Levine uses.

But both *Gloriana* and *Wor* md *Peace* were successful. Both are Colin Grabam productions combining vision, fluency, commonsense, and passionate belief in the work that the composer wrote. Both are ensemble presentations with admirable soloists, showing a large company at strength. And the choral singing in both was very strong.

New York bas only one daily paper that matters: the local *Times* critic pronounces, and there are no voices from an *FT, Telegraph, Guardian*, and three Sundays to provide alternative, contradictory, perhaps confirmatory opinions. The company may bave been depressed by a stream of tired, tepid, unengaged *Times* reviews (and by their effect on the box office). On the other hand, it must bave been cheered by the warmth of the audience reception.

Gloriana came across as a constantly moving and profoundly interesting drama, filled with wonderful music. *War and Peace* (wbose knock-out patriotic scenes were dismissed by the *Times* as "agitprop" and "claptrap," with Kutuzov "a cartoon figure . . . an early model of Josef Stalin"] was wonderfully stirring.

Sarah Walker

The Fridge/Almeida

Martin Hoyle

Those who have observed an imaginative cbild acting out a story and taking every part will recognise the total absorption of Copi as he whizzes through bis quick changes in this hour-long saga of a menopausal transvestite cracking up.

Argentine-born and Paris-based, Copi is one of those double-bluff drag artists: bony, beaky, hairy-armed and flat-chested, his assumption of femininity depends more on mannerism than pbysique (this comes through in his one male appearance, as private eye, wben be paradoxically seems more feminine than ever). His twitchy heauteur and nervous flouncing mark the quintessential female as seen through transvestite eyes. Tbe result is a cross between Kenneth Williams, Maria Callas and Old Mother Riley.

L, a 50-year-old ex-model, is baffled by the birthday present of a fridge. After alleging rape by the chauffeur, rowing with the bombazine-clad maid and having a tearful scene with his/her mother, L settles for the companionship of a glove-puppet rat with blond hair, a striped vest and pink ballet shoes. The Paris Quotidien went a bundle on this show.

My companion, a veteran performer of John Antrobus plays, excitedly recognised elements of un-Gallic goonery, early Milligan perhaps. Copi's ceaseless French chatter, not always projected, adds to the impression of scrupulously organised self-indulgence, ideally calculated for an audience of close friends or, best of all, a mirror. His costume-changes—including an endearingly artificial dog—are increasingly nonchalant, even starting on stage; and the casualness with which he fails to bother to carry through the double costume, joined down the middle, that enables him to play both L and her mother simultaneously depending on which profile is turned to us, epitomises the Gallic shrug of indifference. This is the camp that conceala camp.

Orwell Memorial Prize for 1984

The third award of £2,000 has been made by the George Orwell Memorial Fuod to a young playwright, Chris Meade who is 27 and lives in Sheffield. In addition to freelance journalism and writing, he recently made a debut at Edinburgh with his play *We Two Boys.*

The Orwell Prize is given to encourage both imaginative writing and research of a kind that Orwell himself might have thought worth supporting were he still alive and is given for fiction and non-fiction in alternate years.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

July 6–12

Exhibitions

WEST GERMANY

Hanover, Kestner Museum, Trammplatz 3: Egyptian art from 4,000 BC to 1,000 AD is documented by 200 sculptures, objects and photographs. Ends Aug 5.

Berlin, Nationalgalerie, 50 Potsdamer Strasse: The last West German venue of a Max Beckmann retrospective with 300 oil paintings, drawings, water colours and graphics by the outstanding German expressionist. Ends July 29.

Frankfurt, Städel, 63 Schaumainkai: Ulrich Rückriem, a contemporary German sculptor, is exhibiting eight stone sculptures from the last two years most never shown before. Ends Aug 19.

Berlin, Nationalgalerie, 50 Potsdamer Strasse: Leon Polk Smith, the U.S. hard-edge artist, shows 30 collages from between 1980 and 1983. Ends July 29.

Bonn, Rheinisches Landesmuseum, 14 Colmantstrasse: This is the last venue of a touring exhibition with 80 paintings by 15 "new savages". The works shown stem from the last three years. Ends July 15.

Essen, Folkwang Museum, 41 Goethestrasse 41: The touring exhibition has 80 pastels from between 1974 and 1984 by Francesco Clemente, the Italian painter. Ends Aug 12.

ITALY

Rome: Museo Pigorini: "The First Inhabitants of Europe," an exhibition from the museé de l'Homme in Paris is tracing the history of modern European Man from the earliest fossils proving the existence of "homo erectus". Until July 15.

Venice: Amid continual justified complaints about the impossibly short and inconvenient opening hours of most Italian museums and art galleries, the Guggenheim Collection, from having been one of the least accessible, has become the most – and will now be open every day (except Tue) from 12 to 6 pm (also Sat from 6 to 9 pm free of charge). The Saturday evening opening is the result of an agreement between the Solomon Guggenheim foundation of New York and Montedison.

NETHERLANDS

Stedelijk Museum, Amsterdam. Eedy de Wilde, retiring soon as director of this fine museum of modern art, has selected a final summer exhibition concentrating on acquisitions he has made in the last 21 years. Until August.

LONDON

The Royal Academy: 216th Summer Show – by tradition the event that brings in the London Season, and the middle classes in their masses. It is always something of a muddle, as would be any show of many hundred works chosen from several thousand sent in. This year, with 1,757 from more than 12,000, the Summer Show is the largest ever. But it is still enjoyable, if you can take the terrors as they come, and make the effort to look for the very many good things by Academicians and outsiders alike. The Academy's membership has been gaining in strength over many years, and now has rather more than a fair claim to occupy the centre of the British Art Stage. Peter Blake, Eduardo Paolozzi, Alleo Jones and John Hoyland are only some of the most recent elections. Ends August 19.

VIENNA

The Cliche aod the reality of Viennese women in their fight for emancipation at the turn of the century. Hermesvilla, Lainzer Tiergarteo. Until March 1985.

Nineteenth Century Czech Art: A handsome selection of highlights from the Natinnal Gallery of Prague shows a confident and vigorous people in portraits and prosperous street scenes. There are also exuberent landscapes and cool refreshing still lifes. As the exhibits approach the turn of the century there are hints of impressionism and a surge of Art Nouveau with two glorious Mucha posters. Two powerful Kupkas from this century are boous. Austrian Gallery, Schloss Belvedere, Ends July 15.

INNSBRUCK

"The Tyrolean Nation 1790–1828": Prints and paintings illustrate the Tyrolean peoples' fight against Napoleon and their fruitless struggle for nationhood under their charismatic leader Andreas Hofer. At the Tyrol Provincial Museum, Innsbruck, until 14 October.

PARIS

Musée de l'Orangerie. The Jean Walter and Paul Guillaume collections are now permanently exhibited in the newly restored Orangerie museum – the pendant to the Jeu de Paume. The museum bouses 144 works from Impressionism to the 1930 period. Renoir is richly represented with 24 of his paintings – amoog them the well-known Young Girls at the Piano, Cezanne with 14 paintings, Matisse with 11. The public will be delighted to be able to view again Douanier Rousseau's Wedding Party and The Cart, Picasso's Women Bathing and other favourites. Musée de l'Orangerie, Metro Coocorde, 9.45 am – 5.15 pm, closed Tue (265 9940).

Treasures of Ancient Nigeria – 200 years of its cultural history brought to life. Among the hundred exhibits are some of the most recent archaeological discoveries, shown for the first time outside Nigeria. Grand Palais, closed Tue, ends July 23. (261 5410).

Rhyme and Reason – 600 paintings, sculptures and artifacts of the De Menil family collection ranging from paleolithic to minimal art, from Europe, America and Oceania to the Middle East and Greece take up three floors of the Grand Palais. The diversity of time, place and culture is made coherent by the reasooed care and poetic intution – hence the title – with which this very persooal collection has been assembled. Grand Palais, closed Tue, Wed late opening night. Ends July 30. (261 5410).

Galerie Schmit, 396 Rue Saint-Honoré (260 3636): About 30 oils, 30 watercolours and as many drawings and pastels by Eugene Boudin, mester of windswept beaches, showing the ever-moving waters and the pewter-coloured skies of his native Normandy and adopted Brittany. Closed Sundays and from 12.30 to 2 pm. Ends July 20.

NEW YORK

Museum of Modern Art: After being virtually closed for three years of renovation, the museum has a chance to show the depth and breadth of its considerable collection. No longer is it a boutique of the modern classice but more like a department store, with double its previous exhibition space and room for such examples of modern design as a whole helicopter.

WASHINGTON

Mark Rothko (National Gallery): 86 works on paper by a leading contemporary American artist begio a national tour with this exhibit in the East Building. The highlights are vivid watercolours from 1968 and 1969, a period when Rothko's canvases were already tinged with the sombre browns, blacks and greys that anticipated his suicide in 1970. Ends August 5.

CHICAGO

Museum of Contemporary Art: Italian sculptor Giuseppe Penone conceotrates on the interactioo of man and nature by, for instance, growing potatoes in moulds of his sensory organs and then casting the agglomeration in bronze. The artist will create a 20 foot drawing oo one wall of the museum that will be erased at the end of the show. Ends Aug 5.

Art galleries / Edinburgh

Alisdair Steven

As the elegant grey contours of Scotland's capital prepare for the International Festival (August 12-September 1) it may be easy to forget that Edinburgh is a thriving arts ceotre throughout the year.

Apart from the effervescent Richard Demarco (wbo seems to have been running a one-man crusade for Scottish painters for 20 years), new galleries are opening (two from London) to offer a wide selection of work. They comprise such differing schools as the Scottish and traditional and the highly contemporary and adventurous. Edinburgh is also outward-looking. The Fruitmarket Gallery curreotly has some contemporary Frencb artists, reviewed in these columns in February.

At the bottom of The Mound, the National Gallery has, along with its fine permanent collection, two smaller exhibitions. There is "Dutcb Church Painters," with some splendid works from the Rijksmuseum in Amsterdam. Of particular note is the celebrated "The Great Church of Haarlem" by Saenreda, acquired by the Dutch Governmeot in 1982 for £1.3m. In an adjoining salon there is an interesting *collection of architectural* drawings, principally by the Gallery's architect William Playfair.

The City Art Centre is funded by the local council and has two functions: to display the paintings collected by the city and as a local platform for Scottish artists.

There is a beguiling selection of the latter category at present on view. There is a superb Anne Redpath entitled "Causewayside." This is a small, bustling street in Edinburgh that bas not changed for years (one of the sbops is a chimneysweep's) and Ms Redpath has captured the quaint and quirky atmosphere of a bygone day. "Red Landscapes" by Dooald Moodie portrays a crisp autumnal evening in the lowlands. The setting sun casts a red glow over the melting snow and barren fields.

Beside the Gothic splendours of the Head Office of the Bank of Scotland, the Mercury Gallery shows throughout July works by some young and contemporary Scottish artists. Frank Convery, who has just left Art College, will sbow some drawings of agile, lyrical figures. Elizabeth Blackadder's imaginative and tantalising watercolours of flowers and Michael David's futuristic still-lifes, capturing the bright sun on twigs and leaves, complete the exhibition. During the Festival the Mercury will have a one-man of John Bellany, some of whose work will be at the Tate's autumn "The Hard-Won Image."

The Malcolm Innes in George Street specialises in Scottish landscapes. At present they have a rather standard seascapes exhibition. Standing out from the bunch is the work of the 19th-century artist Colin Hunter. Many of his paintings are of Scotland and are executed with a very distinct enthusiasm for the subject. There is a finesse in the brush work that makes his canvases at once delicate and immediate. From August 6, they will show the oils and watercolours of John MacWhirter (1838–1911). While some of the larger canvases are a touch *Victorian and overbearing*, there is a lightness and joy about the smaller paintings that are a total delight.

Richard Demarco at present bas to show in the College of Art (plumbing problems at Jeffrey Street). He is much taken with the Scottish Arts Council slashing hia grant ("I have consistently supported the evant-garde in Scotland, and made it sell"). Before and during the Festival he will be concentrating on sucb striking artists as Ian Hamilton Finlay, James Howie and others. He will be holding a mini-festival of his own – Calman's cartoons and a two-week conference to be addressed hy such luminaries as Dr Jonathan Miller, Sir Hugh Casson and Sir Ian Hunter.

"The Dinner Party" by Judy Chicago has already toured the U.S. to resounding success. It is a complicated, involved and ingenious work which will be seen at the Victoria Hall for six weeks from August 11 before coming to London. It is a sculpture in china, painted ceramics and fine needlework and symbolises Western history through the lives of women.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000
Thursday July 12 1984

The country is watching

THE MANIFESTO on which Mrs Thatcher's Conservative Party was first elected in 1979 contained the following passage: "Between 1974 and 1976, Labour enacted a 'militants' charter' of trade union legislation. It tilted the balance of power in bargaining throughout industry away from responsible management and towards unions, and sometimes towards unofficial groups of workers acting in defiance of their official union leadership." The Tory Government promised to redress that balance.

Up to the current miners' strike, it was gradually been successful. Two Employment Acts were designed to limit union power and though recession must have played a role, the unions are less of a force in the land than they were in the 1970s. Not least, the bulk of the electorate seems to expect the Government to take a strong line towards them: acknowledging freedom, but strictly freedom under the law.

The miners, however, have always been a special case. Mrs Thatcher unexpectedly gave way to them when they threatened to rebel against pit closures in 1981. It seemed that the real battle was being reserved for her second term and so it has turned out.

Side effects

The appointment of Mr Ian MacGregor as head of the National Coal Board was itself a signal of the Government's intentions. It wishes to modernise and make a real business of an industry that has been run for too long under the comfortable collusion of management and trade union bosses, with the taxpayers footing the bill.

In the circumstances, a strike at some stage was predictable. It is now in its 17th week and the miners have been joined by the dockers. The side effects are beginning to mount. The strikes may not be the main reason for the weakness of the pound and the rise in interest rates, but they are certainly a contributory factor. Yet the Government has no alternative other than to sit it out.

The real question is whether it is going about it in the right way. There has been some genuine bewilderment in recent weeks as to why a Government which was elected to change the law relating to the trades unions has not made use of legislation which it has itself introduced. At times it seems deliberately to have discouraged other nationalised industries from taking action against the National Union of Mineworkers because of secondary picketing. That the law is being breached there can be no doubt, yet the Government allows it to be flouted.

There now appears to have been a change: if anyone wants to take the NUM to the courts, the Government will not stand in the way, although it is still sceptical whether the law will produce the desired results. Any such action would have to be carefully considered in advance, but the time has come when the law should be tested. It is odd, to say the least, for the working miners of Nottinghamshire to use the courts to defend their interests, while British Steel, for example, holds back.

Difference

A court ruling that put some pressure on the NUM's funds might, after all, persuade some of the miners' leaders that it was time to seek a negotiated settlement. It might also demonstrate to public opinion that the Government's legislation is of some use.

Meanwhile, there are the intermittent talks between the union and the coal board which resume next week. Despite some movement by the board, Mr Scargill appears to be sticking adamantly to the position that pits will not be closed except on grounds of exhaustion, a demand which cannot possibly be met as many of the other NUM leaders must know.

The difference between this miners' strike and its predecessors is that the country has on the whole taken it calmly. The coal stocks at the power stations are high and there is no talk of a three-day week or anything like it. Yet what everybody—industry, the other unions, the general public alike—is doing is watching it very closely. The Government is on test. It has made a generous offer, and can afford to wait. If it were to falter now, its entire reputation would collapse. We should be back in the 1970s with a vengeance and Mrs Thatcher's administration would be seen as no different from what has gone before.

How to reform social security

THE BRITISH social security system is expensive, inefficient, and in urgent need of reform. Regrettably, although there is nothing new or contentious in that statement a veritable army of ideas for change and improvement has been marched on over the years and marched off into exile just as quickly.

The Institute for Fiscal Studies, increasingly the fount of the sort of radical ideas on income and taxation which ought to be emanating from the Treasury, has come up with a comprehensive and comprehensible scheme which begins by altering the fundamental concept of what benefits are supposed to be and to whom they are supposed to be paid. It provides an admirable starting point for serious discussion about changing the system.

The IFS has abandoned the idea of universal benefits. It argues convincingly that benefits should decline as income rises, eventually reaching a point at which they are no longer payable. By applying this principle to all benefits, including child benefit and pensions, the system would be simplified, benefit payments would be more accurately directed to the very poor who really need them and £10bn a year could be redistributed into the bargain. This money, suggests the IFS, could be used to cut all taxpayers' basic rate of tax to 25 per cent and still leave plenty to enhance the level of benefits for those in real need. Not least among the spin-offs would the removal of the shameful absurdity under which some poor people have marginal tax rates of more than 100 per cent on extra earnings at a very low level.

Means test

The primary objection to scrapping universal benefits and grading payments according to need is always that it involves means-testing recipients. The stigma attached to means tests arose in the dark years between the wars and remains to this day, with the result that means-tested benefits have a very low take-up rate while universal benefits have a very high take-up rate.

The IFS plans to get out of this difficulty to a large extent with a new and ingenious idea: a separate tax credit and benefit credit for everybody in the same way as every working person has a tax code. Just as income tax rates vary with income so the size of the tax credit (replacing tax allowances) and the benefit credit (replacing a host of often contradictory benefits) would vary.

A stronger argument against selective benefits is that if the middle classes are excluded the constituency of support for the benefits might quickly evaporate nationally and politically. This approach—saying that nobody cares about the poor—is so cynical as to be an unacceptable basis for policy.

Prerequisites

Something has clearly got to change. There is no merit in the present social security network involving 80,000 civil servants shuffling £35bn around inefficiently with many people getting the wrong benefits at the wrong time. It is time-consuming, wasteful and unfair. There are two prerequisites, apart from a genuine desire for change, which are necessary before any real improvement can be made. One is that the taxation system and benefits system must be fully computerised; the Inland Revenue and DHSS systems need to be fully compatible before integration of taxation and benefits will be possible.

The second is that equal attention must be given to simultaneous improvement of the personal taxation system and the IFS has not yet explained the implications on its benefit changes of its other proposals for changing the tax base and moving from income to expenditure taxes. The report usefully recognises that national insurance is nothing of the sort; as it is no more than a tax in disguise, it should be replaced with a social security tax applicable to all taxable income.

We shall know we are well on the way to real solutions if and when the Government hives off social security from the overburdened DHSS, puts benefits into the Inland Revenue basket of responsibilities and makes a senior Treasury minister responsible for all taxation and benefits. In the meantime, some government contribution to the debate in response to the stimulating and imaginative IFS report would be welcome.

BOSCH

Management switch

A godfather makes way for the philosopher

Jonathan Carr reports from Frankfurt

Dr Marcus Bierich: successor who is broadly talented

Dr Hans Merkle: stepping down after 21 years

THIS is the day when the "Godfather" steps down in favour of the "philosopher prince" on the Schillerhoehe heights above Stuttgart.

That may seem an exotic way to describe a change of chief executive at an electricals and vehicle components concern. But then Robert Bosch is no ordinary company; Dr Hans Lutz Merkle who has ruled Bosch with implacable will for 21 years has been a quite extraordinary boss; and his successor, Dr Marcus Bierich, is by general consent one of the most broadly talented managers in West Germany.

Dr Merkle likes to say that he has been just "primus inter pares" on the Bosch managing board—but his "Godfather" nickname, used both in and outside the company, gets closer to the heart of the matter. A tall, gaunt figure now aged 71, Dr Merkle exudes power to an almost uncomfortable degree. The more softly he speaks, and generally he speaks very softly indeed (like that most influential of German bankers Hermann Josef Abs), the more those present crane their necks to listen.

Dr Merkle, son of a printing works owner in south Germany, has not just built up Bosch into a worldwide group with annual sales of more than DM 14bn and a labour force of around 110,000. He has also influenced policy far beyond his company; through his membership of the supervisory boards of key enterprises like Deutsche Bank, Allianz Insurance and Volkswagen, and as adviser to government leaders including Helmut Schmidt.

If that link between an autocratic industrialist and the political centre-left looks on the face of it a bit odd, it helps to underline that Bosch is a company with a highly unusual character and history. It was founded in 1886 by a young master mechanic, Robert Bosch, who later became known as "red Bosch" among irritated entrepreneurs. Among other things, Bosch readily employed leftist refugees from the failed Russian revolution of 1905; he brought in the eight-hour working day in 1906; emphasised that his motto was "pay your workers as well as you can" and turned over most of the—remaining—profit to charity.

More than 90% of Bosch shares are in the hands of a charitable foundation

That does not imply that Bosch was "a softie"—otherwise his company could never have expanded so strongly with a stream of successful products, from spark plugs and injection pumps to power tools and, from the 1930s, household appliances. But he did have a high ideal of social responsibility and this lives on in the company's ownership structure, and less definably in its atmosphere, to this day.

Bosch is a limited liability company (GmbH). More than 90 per cent of its shares are in the hands of a charitable foundation, while the rest is held by the Bosch family. That means that almost all the profit which is not ploughed back into the company, is paid to the foundation which in turn spends the money on hospitals, social welfare and the arts. For example, from net profit of DM 157.4m in 1983, a dividend sum of DM 37.4m is being paid from which the foundation will receive around DM 34m.

However, there is another twist to the tale which helps Dr Merkle's powerful position among the heads of the biggest German companies. Because the foundation has no involvement in business activities, it has turned over all its voting rights to Robert Bosch Industrietreuhand KG, a partnership in which Dr Merkle has the key voice. In other words, the chief executive has been subject to shareholder influence largely exercised by himself. It is a situation which turns the top managers of the joint stock companies green with envy.

The implicit danger of this set up is that management may be tempted to slack, happy in the knowledge that it is not being put under pressure by the owners. But in the case of Bosch, almost the reverse seems to have happened. Dr Merkle, driven by an idealism no less strong than that of the founder, has set a pace and produced a performance which few outside shareholders could fairly have demanded. Dr Merkle pressed his managers hard, as one of them ruefully admitted recently, but he drove himself far harder.

The result is not just a solid balance sheet structure. The figures for 1983 show group equity capital up to 34 per cent of the balance sheet total, an unusually high level for German companies, against 30 per cent four years ago. Over the same period, the share of liquid assets has risen from 24 per cent to 27 per cent, while that of inventories has dropped from 23 per cent to 18 per cent.

More important still, Bosch has been diversifying strongly under Dr Merkle, into fast-growing high technology sectors. Even 20 years ago Bosch was already building semi-conductor devices for use in its vehicle equipment divisions. Now it is applying its microelectronics know-how in a lot of new fields including communications and production technology and energy-saving. A special boost came in the last few years when Bosch scooped up some of the high-technology plums of the sorely-tried AEG-Telefunken concern (whose current, effective chief executive, Heinz Dürr, was proposed for the job by none other than Dr Merkle).

Under Dr Merkle, the company has been diversifying strongly into fast-growing high technology sectors

Among other things, Bosch obtained a large minority stake in AEG's former telecommunication subsidiary ANT Nachrichtentechnik (1983 sales DM 853m), and a controlling influence in the communications and information concern Telefonbau und Normalzeit (sales DM 1.8bn).

True, the ANT Nachrichtentechnik (ATN) deal may yet prove to have a sting in the tail. AEG was originally forced to sell 49 per cent of ATN in 1981 to raise cash to balance mounting losses. Bosch, together with the Mannesmann engineering concern and Allianz insurance, bought the share for close to DM 300m with the option to take over the remaining 51 per cent stake should AEG have to declare itself insolvent later.

When AEG was forced to seek court protection from its creditors in 1982, the three companies thus acquired the rest of ATN for an extra sum which was little more than they paid for the initial 49 per cent.

Since then, there has been a long struggle between AEG, which is demanding far more money, and the buyers. The matter is now before arbitration. But even if Bosch finally has to pay more it will surely consider the deal to have been worthwhile. ATN included some of AEG's highest technology in areas like satellite communication, microwave transmission and digital multiplex and transmission equipment.

The upshot is that while Bosch remains Europe's biggest producer of automotive equipment, this sector now makes up little more than one-half of its overall sales compared with a share of more than two-thirds in the 1960s. It would be wrong to say Bosch is moving away from vehicle equipment and into high technology since, as Dr Merkle sternly noted the other day, "a car too is a high-technology product." But Bosch is steadily becoming less dependent on the vehicle sector with its big fluctuations in demand.

Communications technology now has the second largest share of sales, followed by consumer products and capital goods (including a lively packaging machinery sector, which has just started manufacturing in Japan and will shortly do so in the U.S. too). Group spending on research and development will total almost DM 1bn this year, roughly triple the level of a decade ago.

It goes almost without saying that Dr Merkle's shoes will be hard to fill. On the one hand, the new chief executive needs the financial and industrial expertise to consolidate what Dr Merkle has built—and the ability to think well ahead. On the other hand, Dr Merkle will keep his place in the body which has shareholders voting rights and will also become head of the (so far fairly dormant) supervisory board.

There is thus already whispering that "The Godfather" will still be running the show from behind the scenes.

However, it is likely, that if anyone has the talents and flexibility needed for the job then it is the man who is taking it on—Dr Bierich, aged 58, until now the finance chief of Allianz Versicherung. The sceptics say Dr Merkle chose his successor on the grounds that he was "malleable." The truth is probably rather that Dr Merkle saw in Dr Bierich, whom he had known for years, a man with qualities as great as his own—although there are clear personality differences too.

Born in Hamburg, the son of a university professor, Marcus Bierich might well have gone into academic life himself. He studied natural sciences and philosophy (gaining a special love for the work of Bertrand Russell), then obtained his doctorate with a dissertation on mathematics. Instead of academia he plumped for banking (in London, New York and Berlin); then for industry as finance chief of the Mannesmann engineering concern and finally (since 1980) for Allianz Insurance. Everywhere he was a success while staying just one rung below the top of the ladder.

Dr Bierichs' nickname, "the philosopher prince," does not only refer to that early study period. He speaks slowly, likes understatement, can produce financial statistics out of his head better than the next man—but prefers to talk of wider social questions like the role of capital and labour and co-determination in industry. Above all, he has the ability to win over not only employees but potential rivals. "I can think of no manager I admire more," said one former colleague recently of Dr Bierich. "He never pushes and seems almost to treat his career as though it were a hobby. But the results are really top class." Even under two extremely tough bosses, Dr Wolfgang Schieren of Allianz and Dr Egon Overbeck of Mannesmann, Dr Bierich managed to avoid friction—while gaining more power and making himself almost indispensable. Dr Schieren is certainly sorry to be seeing his right-hand man go.

There are personality differences between the present chief executive and his successor

The "Bierich touch" could well bring as easier atmosphere within Bosch. No one could fairly deny Dr Merkle's achievements and no doubt those critics who have talked of "management by fear" were overstepping the mark. But a little less tension at the top might still improve the performance of a model company which today gets only its fourth boss in its nearly 100-year history.

Minster money rolls in

An unprecedented public response to the York Minster appeal in the couple of days since the fire means that not only will the £1m target for restoration be reached, but there is likely to be a surplus. That will go for further work on the Minster.

Yesterday, a cheque for £500,000 as part payout was handed to Dr Ronald Jasper, Dean of York, by Barnard Day of the Ecclesiastical Insurance Office.

This is the biggest claim the company which insures the Minster has ever started to meet and Day said his company's risks were spread around the world "a truly international settlement," he added.

"Gentlemen in Norway, Japan, Switzerland, Denmark and elsewhere will be putting their hands in their pockets to pay for this," he said.

But most moving to the Minster's clergy and staff has been the response of people in the York district. They have gone up to Canon Ralph Mayland and thrust money in his hands. One man, who didn't even want to give his name, handed Mayland £200 in notes.

Meanwhile other donations are flooding in to the offices of the Yorkshire Evening Press, the Westminster Press-owned newspaper which has set up the Minster Fire Appeal.

As York Civic Trust donated £1,000, John Shannon, its chairman, suggested that 1986 could be an appropriate date for the completion of renovation work. And tourists and worshippers won't have to wait. Temporary cover means that they can be back inside the building

Dr Jasper, who is retiring shortly, is heartened by the response of institutions and the public after the fire. The Minster has survived three fires in the past 150 years — in 1829 Jonathan Martin tried to burn it down, and in 1840 there was a conflagration thought to have been started by a candle left by a workman.

Since those days there has been the York Minster Police—the word's smallest police force—which stays in the building 24 hours a day.

Men and Matters

Lesson for Ken

Ken Livingstone, the people's champion at County Hall, London, seems to be succumbing to the embrace of the establishment even if he has not fallen for duchess's kisses as Ramsay MacDonald did 60 years ago.

The GLC's Labour leader attended yesterday's lunch for the Tyne Tees Television Face the Press programme. This was addressed by Prince Philip and attended by the Lords Hume and Wilson and many others including those two embattled peers, the Lords Whitelaw and Denham and Sir Robert Armstrong, the Cabinet Secretary.

By a happy chance Livingstone was seated at the same table as Metropolitan Police Commissioner Sir Kenneth Newman and they could be seen shaking hands over the table, old sparring partners if not exactly warm allies.

Livingstone was on his chirpiest form looking forward to challenging the government in four local by-elections in London in late September.

After the lunch Livingstone could have learned a lot about what happens to old politicians by watching those two rivals of 20 years ago, Lord Home and Lord Wilson standing on the pavement outside the Hyde Park Hotel trying to get a taxi.

Off they went into a sunny London afternoon thinking no doubt of how much better the world would be, if only...

Arthur arrives

Who are the world's best-known people? There are 100 new ones according to Europa Publications' new edition of the International Who's Who.

They include Arthur Scargill and Joan Collins. Other newcomers to this guide to the world-famous are Murats and Benazir Bhutto, Maneka Gandhi, Gary Hart and Jesse Jackson. First entries for British politicians are Michael Meacher, Nicholas Ridley and Speaker Bernard Weatherill.

Barry Manilow is there and so are Burt Reynolds, Penelope Keith and Olivia Newton-John, plus TV personalities Michael Parkinson and Barry Norman.

The tome gives its usual entertaining insights into the lives of the great. Peter Lerche, the German law professor, cites his leisure interest as "the study of the hippopotamus" and Zimbabwean judge Enoch Dambutshana likes "climbing not very high mountains." And Norman Tabbit? He lists his recreation as "peace and quiet."

U.S. Nobel prizewinner Daniel Gadjusek does not list any leisure interests. This is hardly surprising since his entry reveals that he has 28 adopted children from Melanesia and Micronesia.

Verse and worse

Tom Driberg used to tell the story of a lunchtime drink with John Betjeman. It was half bottles of champagne in silver tankards.

So what happened to the annual butt of sack? That was once the Poet Laureate's reward for his services, now replaced by a payment of £27.

It all goes back to Charles I who appointed Ben Jonson as poet attached to the royal household in 1627. The next one was Sir William Davenant and two years after his death Dryden became the first "Poet Laureate" with a pension of £300 and a butt of Canary wine.

After that, payments varied. Henry James Pye, Pitt's 1790 appointment, was a time-server and poetically ridiculous. He got the £27 allowance in lieu of the wine. Tennyson drew £72 a year from the Lord Chamberlain's department and £27 from the Lord Steward instead of that butt of sack.

Is it now time to restore this duty-free gift and help lift the Laureate's verse to the level of Ben Jonson, Dryden, Wordsworth and Tennyson? Just think of that Leeds poet, Alfred Austin, who succeeded Tennyson because nobody else wanted the job.

On the illness of the Prince of Wales, later Edward VII: "Along the electric wire the message came, he is no better, he is much the same." What could a butt of sack do to lift that... or even champagne in silver tankards?

Sweet and dry

Don Lovell, chairman of the Wine Development Board, the wine people's trade association, has presided over the launch of a new guide which could have bibbers arguing until the new vintage is in.

This is the WDB's Dry to Sweet Wine Guide, which the board wants the public and the trade to use in assessing the sweetness of white wines. Wines are measured on a one-to-nine scale, the ones starting with Bergerac and the nines ending with Marsala.

The trouble is that at least six other points ratings are used by off-licences and supermarket chains, many of them, like Peter Dominic, on a one-to-twenty scale.

If you scrunch up a list of 20 into one of nine, who is to say that a wine on Category 10 on the big list is to go into four, five or six in the small list?

Even Lovell and the WDB admit that some wines with the same name have different degrees of perceived sweetness. Tokay is quoted as an example.

Lovell says the guide—based not on grape sugar but on a tasting panel's subjective choices—is voluntary, but most big groups, including Dominic, are adopting it.

Now they hope to take on the formidable task of rating red wines, a Herculean labour since, with the possible exception of VP and Tarragona, there are hardly any sweet reds, just reds that are less dry than others.

Observer

ECONOMIC VIEWPOINT

A one-nation tax system

By Samuel Brittan

LIKE MOST other developed countries, Britain has two tax systems. One is administered hy the Inland Revenue, the other by the Department of Health and Social Security (DHSS). It was originally supposed that the poor who received social security paid no income tax, and that the two systems could be kept separate. But as the tax threshold has fallen and the prevailing idea of the poverty line has risen, millions of peopla have become enmeshed in both systems.

A representative couple with two children and a gross income of £100 a week receives £13 in child benefit and nearly £14 in housing benefits. They also pay nearly £14 income tax and £9 in National Insurance contributions. Thus after all these offsetting transactions tha family is only £4 better off.

These complex two-way payments are only part of the problem. One third of National Insurance beneficiaries (and about half the unemployed) depend on supplementary benefit—which was formerly known as National Assistance — to bring their incoma np to the official poverty level. Even so only 65 per cent of those pensioners entitled to supplementary benefits actually ask for it. For the family income supplement the take-up ratio is still less, only 50 per cent.

Many families are subject to means tests: the automatic PAYE test, and the withdrawal of benefits as incomes rise by means of about 45 different tests. Not surprisingly there are unintended absurdities. There are marginal tax rates of over 100 per cent for some families with children—known as the "poverty trap." Other people would be better off on benefit than at work—the unemployment trap.

The precise number in or near these traps is acutely controversial. But one poverty trap which should not be controversial arises from the separation of income tax from National Insurance contributions. When income reaches the National Insurance floor at £32.5 per week, a 9 per cent contribution becomes payable, not merely on the excess but on *the person's entire income*, thus leading to a marginal rate of many hundred per cent. The marginal rate then settles down again at 9 per cent until the tax starting point is reached when it rises to 39 per cent. It stays at that level until the National Insurance ceiling is reached, when it drops to 30 per cent, ie the normal basic rate of income tax. It remains there until the higher rate bands are reached and it then starts to rise again.

This zig-zag path is surely no way to run a railroad; and even if no other reform is made in the area, there is no excuse for failing to amalgamate income tax and National Insurance contributions. The link between tax and benefit can always be emphasised by calling say 9 percentage points of the unified tax, a social security tax. The label would be no more nor less fictitious than the present National Insurance contribution which bears no actual relation to benefit and simply finances current benefits on a pay-as-you-go basis.

The zig-zag path is no way to run a railroad

The present system has many other complications. If you can *understand* eligibility for housing benefit you should earn enough not to need it. Although the system discourages effort, it does not succeed in bringing many poor people up to society's stated minimum levels. Over 1½m family units, excluding the unemployed, are below supplementary benefit level and 3m are within 120 per cent of it.

Not surprisingly there have been many reform schemes. Hermione Parker in *Action on Welfare* (Social Affairs Unit, 2, Lord North Street, SW1) has a comparative analysis of no less than seven.

One type of reform is known as "back to Beveridge." The aim is to raise benefits for specific contingencies such as unemployment, age, sickness or numbers of children, to levels well up to the present definition of poverty. The problem with "back to Beveridge" is its cost which is high because the benefits spill over to those who, on any definition, are well above the poverty line.

The other pure kind of reforms are the income deficiency schemes designed to "top up" the resources of those on low or zero incomes, whatever the reason. One type is e social credit for everyone, which is then taxed as income rises. The other type is the negative or reverse income tax, with payments by the state to the poor up to e crossover point where positive income tax becomes payable. Although their advocates fight like tigers, the two types are mathematically identical. The main determinants in each case are the unconditional payment to those with zero income, and the rate et which the payment tapers off as income rises.

These income deficiency schemes *also face severe* conundrums. If the maximum payment to those with no outside earnings is generous, either the scheme is very expensive or the percentage cut off as income rises is very large, giving rise to high marginal tax rates. In other words, poverty trap effects extend high up the income scale.

The Institute for Fiscal Studies has made an important breakthrough in its new book *The Reform of Social Security* (OUP, £3.95) in moving towards an integrated tax benefit system. It does not provide a free lunch or remove the three-way trade-off between the desiderata of generosity, low cost and low marginal tax rates. But it has made an income-support scheme feasible by combining two different ideas.

One is the tax credit scheme, evolved from Lord Cockfield's abortive scheme under the previous Conservative Government in 1972. Under the IFS version existing personal allowences become tax credits to be set against tax liabilities, which themselves can never be less than zero. In addition there are to be "benefit credits" which are gradually extinguished as income rises.

The advantage of combining tax and benefit credits is that it is possible to have steeper implicit marginal tax rates for benefit than for normal income tax, thus keeping down the cost of benefit. The price that has to be paid, as shown in the chart, is a milder version of the poverty trap experienced by more people.

The IFS has presented its reforms in two versions. First it tries to reproduce the effects of the present system, but without the worst absurdities. As the chart shows there would then be no poverty tax rates of above 100 per cent for employed people, but a broader band of rates than at present between 80 and 90 per cent.

The myth of National Insurance would go and there would be a single simplified tax and benefit return. People would receive a single card covering PAYE and benefit. The DHSS offices would still make discretionary payments to people with special needs and advise on tax and benefit matters.

The second stage is to use the new IFS system to change the distribution of tax and benefits. It is essential to distinguish between these two stages. For the basic IFS system can be used in many different ways (although I must admit that I found the stages a bit confused in the IFS book when I tried to distinguish them under an awning on a paddle steamer on Lake Como).

The least controversial IFS distributional suggestion is to rationalise the different payments for children under family income supplement, child benefits and supplementary benefits: ie to replace them by one child-related benefit.

The IFS goes on to suggest that both child benefit and state pensions should become benefit credits. In other words they would taper off as income rises. The rate of taper for child benefit credits would be 50 per cent, and some 63 per cent of all households would as a result receive no net benefit. By contrast almost all elderly people would receive some pension, both because the rate of taper would be only 20 per cent in their case and because few pensioners have substantial other income.

These changes, plus the conversion of the married man's and age allowances into benefit credits, would yield revenue saving of over £10bn in terms of 1983-84. The main IFS scheme would use helf the savings to reduce the basic rate of the new integrated income tax by 5 percentage points, that is from 39 per cent to 34 per cent. The other half would be used to increase benefit credits, for children, one-parent families and pensioners. The hoped for resulting reduction in numbers below the poverty level is shown in the table.

There is no black magic. Many of the people who would gain from the basic tax rate reduction would also lose from tapering off child credits. Marginal tax rates would be lower on the poor and on those with above average earnings and below the higher rate level. But they would be higher in a broad band in the middle, as the chart shows.

It is important not to become bogged down by these highly specific proposals. If the basic income tax rate were not cut it would be possible to be more generous to families with children and to reduce the still high marginal tax rates they pay in a band above and below average earnings.

IFS scheme avoids the worst of present absurdities

The issue on which to go to the stake is not the IFS value judgments but (a) integration and (b) selectivity.

As a minimum we should be able to agree to the phasing out of Serps, the state earnings-related pension supplement. This once much-heralded change, for which Richard Crossman was responsible, is designed to provide higher pensions for those who can afford to make their own provision, at vast cost to the taxpayer around the turn of the century. These tax transfers among the middle class are a perfect example of what the state should not be doing.

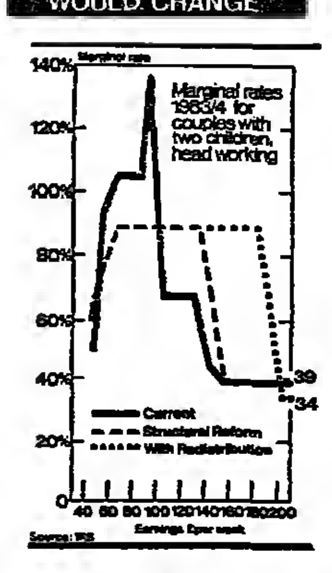
HOW IFS PLAN WOULD CUT POVERTY

Figures in thousands†

	Under existing system (1983-84)	Under existing system if full take-up and no discretion	Under new base system with integrated tax and NI	Under new system distributional reforms
(I) Below supplementary benefit				
Single (non-pensioner) ...	6	—	—	—
One-parent families	3	—	—	—
Couples (non-pensioner)...	22	26	16	16
Couples with children ...	40	25	3	3
Single pensioners	800	20	—	64
Couple pensioners	385	—	—	—
All	1,256	71	19	83
(II) Below supplementary benefit + 20 per cent				
Single (non-pensioner) ...	6	—	—	—
One-parent families	3	—	—	—
Couples (non-pensioner)...	34	52	32	63
Couples with children ...	61	43	9	8
Single pensioners	1,960	2,080	2,090	1,511
Couple pensioners	991	1,065	1,055	627
All	3,055	3,240	3,186	2,207

† Excludes the unemployed. Source: IFS

HOW RATES WOULD CHANGE



Lombard

Don't write off the regions

By Michael Prowse

THIS GOVERNMENT is surprisingly insouciant about Britain's gross regional economic disparities. It was probably unrealistic to expect yesterday's report on regional policy from the Commons Public Accounts Committee to show any more concern. The PAC's brief was merely to look into the cost-effectiveness of regional aid. It concluded, as have many of the 500 respondants to the Government's regional policy white paper of last December, that less discrimination against service industries, greater emphasis on job creation and more discretion for civil servants may help. What it did not add is that in present circumstances such admirable attention to detail is almost entirely irrelevant.

The important point is that as regional inequalities have increased, Government efforts to mitigate them bave steadily declined. The extent of regional inequality is now frightening. In 1981, gross domestic product in the South East was 15 per cent above the national average; the other nine regions are all "below average." Wales is 16 per cent below par and since 1971 the West Midlands has slumped from 2 per cent above average to 10 per cent below.

Yet in 1983-84, spending on regional aid was £640m—about a third less in real terms than the average for 1979-83 and only half the annual expenditure in 1974-79, when problems were less acute. A further big cut is new feared and a further shrinkage of the map of assisted areas, already cut back sharply in 1979.

The present approach to the plight of Britain's poorer regions is a striking contrast to attitudes in the 1960s. Seventeen years ago, ministers were so appalled by regional unemployment thet they launched a new and imaginative initiative: the Regional Employment Premium (a payroll subsidy for manufacturers worth some 5 per cent of wage costs). Yet with hindsight, the problem in 1967 was almost non-existent: unemployment in Britain's depressed regions was 2.7 per cent against a national average of 1.4 per cent. It is now 17.5 per cent in the north of Britain and 9.3 per cent in the "prosperous" South East. It is a sign of the times that ministers can wind down regional aid when the problems are so immense.

Regional policy in the past may not have been a total success, although the REP is generally regarded with affection by economists. Some date the latest continental drift apart in the fortunes of regions to 1977, when the REP was hurriedly scrapped to meet public spending guidelines set by Britain's erstwhile paymaster, the International Monetary Fund. Yet even if tha economic nostrums of the 1960s are not now wholly appropriate (especially since sensible policies must now be shelved merely because they do not fit EEC dogma), there is still a need for a return to the constructive optimism of those times. The defeatist tone of the Government's white paper—these problems are too immense for us to tackle—is e vivid contrast to th determined ingenuity of 1967.

The mild economic recovery that haa been under way for three years makes regional policy more rather than less affordable and more rather than less important. When much of Britain seems destined to remain an industrial wasteland, it is quite absurd that the precious non-urban bits of the South East may, as the Regional Studies Association (RSA) fears, experience supply bottlenecks, land and property price escalation and attacks on much-needed Green Belt restrictions. A better spread of growth would mean faster and more sustainable growth.

The best and simplest way to raise hopes and create jobs in depressed regions would be public spending on a variety of inter-locked projects. As the RSA argues, who can doubt that the London-Bristol growth axis owes much to "public investment in Heathrow Airport, the M4 motorway, high-speed trains, universities and research establishments, together with government defence and aerospace contracts?" Saudi Arabie is using its oil money to build an entire economy — should not Britain use a little of its oil largesse to rehabilitate its poorest regions?

Letters to the Editor

Muddle in the Finance Bill

From Mr B. Banks

Sir,—The Finance Bill has now emerged from the committee stage on its passage through Parliament. I would like to draw attention to clause 24 which at first sight seems like a generous gesture by the Government by seeking to widen the scope for staff in unquoted companies to obtain tax relief for interest incurred on loans used to acquire shares in "employee-controlled companies."

This relief was first introduced by section 24 of the Finance Act 1983 which inserted paragraphs 10C and 10D in Part III of the Finance Act 1974 schedule 1, which in turn is governed by section 75 of the Finance Act 1972.

In essence, income tax relief at marginal rates is available to full-time employees for interest on money borrowed for investment in shares of their own "employee controlled company." An "employee controlled company" is defined as a company which has at least 75 per cent of the issued ordinary share capital/voting power beneficially owned by persons who are full-time employees of that company or their spouses.

For the purpose of arriving at the magic 75 per cent holding no individual holding in excess of 5 per cent, employee and spouse are counted jointly, is taken into account. Also the relief is only available the first time a company becomes an "employee controlled company." Where a company has at any time in the past indulged in the luxury of equity participation by institutional investors it might find that while it now qualifies for the status of "employee controlled company" its staff could be disqualified from obtaining the relief on grounds that the company is "employee controlled" for the second time around. Similarly where shares have been bought back by employee shareholders following the departure from a company of a "spin-off" group of employee shareholders the same disqualification could apply.

Those employees of unquoted companies who currently enjoy the relief concession could well be in for a nasty shock follwing the enactment of clause 24 of the Finance Bill since it changes the ground rules for defining an "employee controlled company." The criteria of a 75 per cent equity/voting requirement for employees is to be reduced to 50 per cent and the individual holding to count towards the 50 per cent is to be increased from 5 per cent jointly to 10 per cent each for the employee and his spouse. Because of the "first time" rule for defining an "employee controlled company" and the retrospective effect of the legislation, a company which previously passed the 75 per cent/5 per cent test may not now qualify and the staff no longer eligible for the interest relief. Worse still is the possibility thet the Inland Revenue might claw-back interest relief given to employees affected by the retrospective legislation. MPs and the policy division of the Inland Revenne should unscramble this muddle before it gets on to the statute book.

B. L. Banks.
Hazeldene,
Edenvale,
East Grinstead,
West Sussex.

Taxing times at the ports

From the Director-General, Institute of Freight Forwarders.

Sir,—I was interested to read my letter on "Taxing times at the ports" *(July 11)* and would like to correct the attribution. Recently I took up my appointment as director-general of the Institute of Freight Forwarders.

At the present time our members are particularly concerned with the effects of tha dock strike. We know the difficulties under which British shipowners are operating and this can only add to their burdens. In a *market of deflated freight rates* and union embargoes on the movement of coal, it is small wonder that the size of the British mercantile fleet continues to diminish. If the trade union movement does not wish to cripple British shipping further, it should be making it easier for our fleet to trade and not more difficult.

Gordon A. Brown,
9, Paradise Road,
Richmond, Surrey.

Let the market decide

From Mr A. Bird

Sir,—Your leading article "Two forms of merger policy" (July 10) on this most conten*tious subject*—contentious only because of the Government's strange and almost incomprehensible record of decisions—is a welcome and eloquent appraisal of the present situation following the announcement of the Government's letest guidelines.

In the course of your analysis you say "The Lonrho bid for the House of Fraser . . . would presumably not be e candidate for referral today." The pretext of competition could certainly not be invoked in this case. The reasons given at the time were tenuous in the extreme and savoured more of bias than of sound judgment.

Whatever the original reasons it is now abundantly clear that on the basis of the Government's latest pronouncement the objection to the bid should be withdrawn and a fresh bid allowed. The market fully understands the relative merits in this case. It is now time to let the market decide this long argument once and for all.

Arthur L. Bird.
14, Greetwell Lane,
Nettleham, Lincoln.

Forgotten workers

From Dr A. Kup

Sir,—May I corroborate Mr Colhran's opinion (July 9) that there seems no limit to the complications the Secretary of State and his officials are prepared to put on the process of saving for old age? I refer to the pension arrangements made by HMG for expatriates upon relinquishing our empire.

Most European governments simply counted people serving overseas as home civil servants for pension and compensation terms and everyone knew where they were. Not so Britain which foisted and still foists—being about to do so with Hong Kong—responsibility on to the newly independent territories; the resulting ed hocery produced scant justice and much racial invective on both sides. Professional people especially, such as tropical agronomists, medical officers, accountants and university teachers, were largely forgotten getting pensions, if any, geared in many cases to pre-war living costs.

It was not unknown for people in adjoining offices to receive different treatment: one getting all the supplemented pension, security of payment and lump sum awarded to colonial officers proper, the other nothing. Yet ell subscribed alike to compulsory expatriate pensions schemes set up by order in council.

A former Secretary of State edmitted years ago if they were doing it again they would not start from there—indeed Mr Raison's reply (April 9) to the chairman of the All Party Parliamentary Committee for Pensioners revealed that the Minister's current instructions were being broken by his officials. Repeated enquiries, personal and through MPs, have been met, not for the first time, with stunning silence.

The Overseas Development Administration insouciantly admits ignorance of those thus abandoned, in 1973 guessing 15,000. The Crown Agents' pensions branch now admits it has no actuarial records of these people!

(Dr) A. P. Kup.
Pen y Gilfach,
Glyn Ceiriog,
Nr. Llangollen,
Denbighshire.

Metering the water

From Mr P. Newman

Sir,—Surely the answer to Anglian Water's reported claim (July 2) to be losing £2m in charges a year because householders are watering their gardens illegally is for them to instal meters. This would do away with the whole business of licensing, and one would only pay for what one used.

In my area of Thames Water it is not at all easy to obtain a clear idea of where the balance of advantage might lie for e householder faced today with the choice of either going over to metered supplies or continuing with the present arrangement of e charge based upon the property's rateable value. Over the past 10 years my own water/sewage charge haa increased by more than twice that of the general household rate, and that has itself more than kept up with inflation. So, with many industrial and commercial users going over to metered supplies it seems likely that similar advantages might accrue to the ordinary householder; that is, if meters were installed on the same basis as those for electricity and gas and subject only to a straightforward standing charge devoid of such additional complications as an initial installation cost and subsequent regular meter reading charges. Further, and in a similar way minimal users might receive e refund of part of the basic standing charge if their usage were below a basic level.

In this southern region of Thames Water I attended the inaugural meeting of the new Consumer Consultative Committee (CCC) set up as a result of the 1983 Water Act which imposes upon water authorities the task of running their enterprise more along the lines of a business than e local council. I was one of three chosen to represent the householder consumer in this area. At that meeting I raised the matter of metering of supplies along the lines I have stated above. The chairman's reply was that this is a very big issue and was under study at the present time. He expected to be able to provide a more substantive reply at a later date. You may be sure that I shall keep this matter to the fore, and I would suggest that householders in Anglian Water's area do likewise at similar CCCs, if they hava tham.

Peter F. Newman.
2, Maplehatch Close,
Godalming, Surrey.

FINANCIAL TIMES

Thursday July 12 1984

Murdoch enlists banks in pursuit of St Regis

By Terry Dodsworth in New York

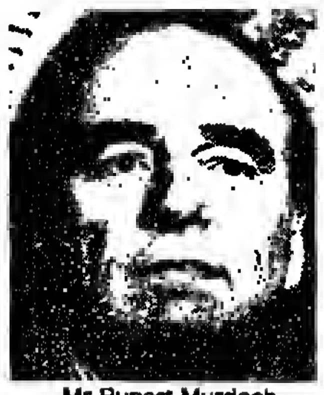
MR RUPERT MURDOCH, the Australian publisher, has asked a consortium of 22 international banks led by Midland of the UK and Bank of Boston in the U.S. to arrange financing for further acquisitions of shares in St Regis, the U.S. paper and forest products group.

In papers filed yesterday with the Securities and Exchange Commission, the regulatory body for the securities industry, Mr Murdoch admitted the financing might be used for a "business combination" with St Regis, but he reiterated that he had not decided to make a tender offer for the company.

Mr Murdoch has been forced to concede that his intentions towards St Regis might go further than pure investment purposes by a case brought against him in the Dallas courts.

In this action St Regis revealed that Mr Murdoch had been talking with the banks on both sides of the Atlantic, purportedly about a $750m credit line. The paper company suggested that he had misled the SEC by stating that his present 5.6 per cent stake in the company had been taken only as an investment.

Following these allegations, Mr Murdoch has altered his filing with



Mr Rupert Murdoch

the SEC, admitting that he met a group of international banks in London on July 6. These talks, he said, concerned the availability of financing both for the purchase of additional shares of company stock and the possibility of business combination between his own companies and St Regis.

The SEC filing reveals that Mr Murdoch was asked to institute a standstill agreement on further share buying when he met Mr William Haselton, chairman of St Regis, on Tuesday of this week. Mr Haselton apparently asked for this as a condition for further discussions between the two groups, but Mr Murdoch refused to agree to the condition.

Filings with the SEC have to be made once an investor acquires more than 5 per cent of a company, stating the purposes for which the purchase has been made. Although many takeovers start from what were originally notified as investments, this can lead to legal suits against the acquirer – at present, for example, Mr Saul Steinberg, the chairman of reliance, faces action on the grounds that be made a false filing of this kind before launching a bid for Walt Disney.

Mr Murdoch has not revealed in his statement how much financing he is seeking from the banks.

The paper company's shares have moved up steadily in the last few days, being quoted at $42½ in early trading yesterday, where the company is valued at about $1.5bn. Last year the company made profits of $55.2m on sales of $2.8bn.

St Regis has been the subject of recurring takeover speculation this year, and has twice bought off potential bidders for the company in the much-criticised "greenmail" transactions which give a block investor a premium over the market price.

More recently the company has been trying to make itself less attractive to takeover possibilities, launching a bid of its own for Colonial Penn, the insurance group.

NZ devaluation may be necessary, warns IMF

BY DAI HAYWARD IN WELLINGTON

THE International Monetary Fund (IMF) has told New Zealand that stringent measures, including a devaluation of the New Zealand dollar, might be needed to solve the country's economic problems.

The report is a serious embarrassment to the Government of Prime Minister Sir Robert Muldoon ahead of Saturday's general elections.

In its call for speedy action to reverse recent government intervention in various areas of the economy, it says indirect taxation must be increased, spending reduced and "major underlying imbalances" in the economy corrected.

The report lays much of the blame for the economy's poor performance on the Government's policy of throwing out conventional fiscal measures during the 20-month wage-price freeze, from June 1982 to February this year.

The confidential report, which was prepared in February and kept secret despite Opposition calls for its release, was leaked to the press only this week.

It says the country's internal and external deficits are so large that they threaten to have a severe unsettling effect on the economy.

New Zealand, the report adds, was now one of those countries which could only apply unattractive policies to overcome its problems. Referring to overseas debt, the IMF says speedy and considerable adjustments of the external account are necessary. The report also criticises the competitiveness of New Zealand industry and calls on the Government to hasten removal of import controls.

Foreign debt had increased rapidly and now stood at 45 per cent of gross domestic product, and the IMF suggests that future borrowing should be limited to economically viable investments, rather than to sustain consumption.

The Premier yesterday rejected the IMF's criticism of his Government's handling of the economy. The IMF, said Sir Robert, was a very conservative body of international public servants whose economic surveys always ignored the social and political implications of the country they were studying.

IMF recommendations had created special problems in South America because the organisation wanted adjustments made more quickly than its economies could sustain.

In any case, much of the report and the material upon which it was based was out of date, Sir Robert said.

Mr David Lange, leader of the opposition Labour Party, said the report supported what he had been saying. The Prime Minister had claimed that it was not critical of the way he managed the economy, Mr Lange said, but this had now been exposed.

Nigerian economy measures 'not enough' to qualify for new loan

BY QUENTIN PEEL IN LONDON

NIGERIA has been informed by the International Monetary Fund (IMF) that its latest proposals for the stabilisation and adjustment of its economy are insufficient to qualify for an extended balance of payments loan, according to officials close to their negotiations.

The IMF has sent a letter to the Nigerian Government spelling out its response to the economic strategy presented last month at a meeting between M Jacques de Larosiere, managing director of the Fund, and Nigeria's negotiating team, led by Alhaji Abubakar Alhaji, the Permanent Secretary for Finance.

Although no details of the letter have been released it is understood that the main sticking points in the way of an IMF three-year loan, which could total more than $3bn, remain the Nigerian refusal to devalue the naira outright, to dismantle its complex system of import restrictions, and to increase petrol prices in order to reduce the effective government subsidy.

The failure to bridge the gap between the IMF and Nigerian positions will be a blow to the parallel effort to agree terms for refinancing up to $3bn in arrears of payments owing to suppliers insured by the major Western export credit agencies.

Further talks have been held this week between the Nigerians and European agencies, but the latter remain insistent that no refinancing can be finalised without a simultaneous agreement with the IMF.

The IMF has not excluded further talks with Nigeria, although it seems unlikely that any meeting could be arranged before the Fund's annual meeting in September. The attitude in Washington, however, is that the next move is up to the Nigerian Government.

One official said: "The fund remains ready to assist a member country which desires to adjust, but will not go along with a programme which does not seem sufficient to bring that adjustment about."

Bankers believe Nigeria will now try to embark on those economic policies it feels are both economically and politically feasible for the military regime, still relatively insecure six months after it seized power in a coup. A very slight adjustment in the value of the naira – from around $1.34 to $1.30 – is the furthest the Government has yet been prepared to move towards the Fund's devaluation demand.

Bankers welcomed yesterday's news of the increase in Nigeria's oil production quota by the Organisation of Petroleum Exporting Countries, but pointed out that the initial two months' concession would provide little more than $200m towards a balance of payments current account deficit running last year at more than $4.4bn. Only if the increase were extended for a full year would it help significantly to bridge the gap.

UK dockers plan to step up strikes

BY OUR INDUSTRIAL STAFF

OVER 50 of Britain's ports were shut yesterday, at least for the movement of freight, on the second day of the national strike by dockers. The workers plan to intensify the strike by extending it to ports as yet unaffected and are preparing to picket those.

None of the 53 ports registered under the statutory dock labour scheme, and which handle about 70 per cent of Britain's seaborne trade, was open for freight yesterday. Dozens of ships lay idle in the big ports such as London, Hartlepool, Southampton, Hull and the Clyde.

Among the 150 non-registered and generally smaller ports, the picture was mixed. But the three largest non-registered ports, Dover and the east coast ports of Felixstowe and Harwich, were working normally.

Ferry ports were still moving freight and passengers yesterday. But freight movement out of these ports might be stopped later in the week after talks between the Transport and General Workers Union (TGWU), which called the strike, and the National Union of Railwaymen, whose members work on ferries.

The National Union of Seamen is also planning to stop the movement of Sealink UK freight from Friday midnight in protest at the planned privatisation of the ferry company.

Mass meetings will be held over the next few days at the ports which are not registered under the dock labour scheme, which is at the centre of the dispute. The strike was called after British Steel decided to bypass registered dockers who had refused, in support of the striking coal miners, to handle iron ore at the east coast port of Immingham.

At Felixstowe, the biggest UK container port, which employs 1,200 TGWU dockers, there will be no mass meeting until Friday. That is taken by some to indicate a lack of enthusiasm for a strike, but there is still strong solidarity among dockers, whether part of the dock labour scheme or not.

Mr John Cullen, a union official at Felixstowe, said last night that he thought strike action would be supported, however reluctantly. He emphasised that even if there was no strike, dockers there would not handle work transferred from other ports.

In the miners' dispute, which is entering its 18th week, the National Union of Mineworkers (NUM) yesterday defied a High Court ruling that it should not discuss at a special conference a rule change that gives the union leadership sweeping powers to discipline members found to be acting contrary to the union's interests.

Miners who have continued to work believe that the purpose of the rule change is to put pressure on them to join the strike. The conference agreed to the change by 166,000 votes to 62,000 on a card vote.

Stock market, Section III

Nigeria wins oil concession

Continued from Page 1

There was some scepticism yesterday, however, over whether Nigeria will be able to sell its additional output without discounts. A senior executive of an oil company heavily involved in Nigeria said this would be impossible "if the market continues as it is now."

Ian Hargreaves in London writes: The focus in the oil market will now switch from Vienna to London, where the British National Oil Corporation (BNOC) is due by Sunday to set retrospectively official North Sea prices from the start of the third quarter.

A trader from an American oil company said the price of Brent could go below that of Arabian Light, suggesting a dollar a barrel fall in the North Sea marker crude from its present range of $28.45 to $28.90.

Companies with large production interests in the North Sea are expected to support BNOC in its desire to retain an official price of $30 a barrel.

In the spot market yesterday there was little price movement in thin trading. North Sea crudes showed only minor adjustments, and Arabian Light traded unchanged in the $27.70 to $27.80 range.

Some traders expressed disappointment that a firmer commitment to restrain actual production within the 17.5m b/d Opec ceiling had not emerged from Vienna.

Industrial nations agree oil shortfall policy

By David Marsh in Paris

LEADING INDUSTRIAL countries agreed yesterday on a policy of co-ordinated reductions of oil stocks to guard against exaggerated price rises and panic buying in the event of a renewal of supply disruptions on the international oil market.

The accord, reached at a governing board meeting of the 21-nation International Energy Agency (IEA), is intended to give Western countries an additional policy weapon to counter any supply shortfall of the kind which triggered the 1979-80 oil shock.

The agreement, coming at a time of surpluses and falling prices on the world oil market, is clearly not likely to be put into action over the short term.

But Frau Helga Steeg, the senior West German civil servant who took over as IEA executive director at the beginning of this month, yesterday called the agreement "a major extension of the IEA's ability to shield its members from the adverse consequences of any interruption in their supplies of oil."

The accord is designed to allow Western governments, which have markedly increased their oil stocks over the past few years, to deploy their stocks in a "timely" and "flexible" way to calm down any emergency.

The exact method of drawing on stocks and the way in which this would be co-ordinated with other action to conserve energy, switch fuel use or restrict oil consumption would be decided in consultation among all members of the Organisation for Economic Co-operation and Development (OECD). The OECD includes France, which is not an IEA member.

Frau Steeg said the decision to leave open the specific circumstances that would spark stock drawings was deliberate. Industrial countries' response would vary from case to case. "One of the advantages of this agency is that it can act very flexibly," she said.

The agreement complements the more rigid emergency oil-sharing system triggered when an IEA member or group of countries faces a shortfall of 7 per cent or more of normal oil supplies.

In 1979-80, limited shortfalls of brief duration were enough to boost oil prices by 160 per cent, even though the 7 per cent barrier was never passed.

Since 1978, company and government-owned oil stocks in the OECD area have risen to 417m tonnes from 402m, representing an increase of roughly 25 per cent in terms of days of forward cover. Government stocks have risen spectacularly to 71m tonnes from 6m.

Frau Steeg said the new policy did not represent a "price intervention mechanism" and would be used only to counter a shortfall, not to regulate a supply surplus.

She said it was a "coincidence" that the agreement was concluded at a time of growing difficulties in the Organisation of Petroleum Exporting Countries, and denied that there was any question of "hitting Opec when it was down."

Strong growth for Germany

WEST GERMANY'S real economic growth will be above government forecasts this year despite the losses caused by recent strikes, the authoritative Berlin Institute for Economic Research (DIW) said yesterday, Reuter reports.

In its latest report, the independent institute said spare capacity would allow industry to make up about two thirds of lost output, estimated at 0.75 per cent of the gross national product (GNP), in the second half of this year.

The general climate for recovery remained good and the economy would grow by 3 per cent in 1984, the report said, but it was expected to level off in 1985 to near 2 per cent.

THE LEX COLUMN

Life support for sterling

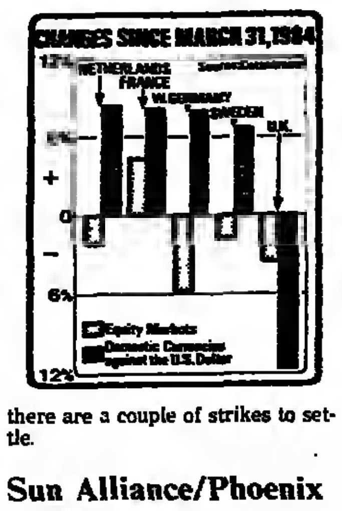
The currency markets made it pretty clear yesterday morning that they were not prepared to live with anything less than clearing bank base rates at 12 per cent. Their wish was granted at lunchtime, as the clearers trampled all over a hill-market yield curve which the Bank of England had carefully drawn, apparently aiming to demonstrate that 11 per cent was the absolute limit.

The effect on sterling was satisfactory, if less than galvanic and the equity market was mourning the end of the UK consumer recovery. But at least, having extorted a 28 per cent base-rate rise in five days, there was some chance that the foreign exchange markets would decide that it was no longer worth selling the pound against a further round of increases. And the Government Broker felt able tentatively to push out £800m of gilt-edged stock.

Going by ancient rules of thumb, the effects of such a base rate jump on the real economy could be fairly depressing. The almost inevitable building society impact – in the shape of 12 or 13 per cent mortgage rates – is bound to take a large slice off discretionary spending, as it transfers cash from spenders to savers. And lower equity prices will themselves intensify this effect, as investors become more conscious of their vanished wealth.

Yet there is comfort in the relative financial strength of the company sector, where the average level of income gearing is about half what it was when interest rates leaped 4 per cent in 1981. Moreover, less than half of the profits of quoted companies now arise in the UK, so that a marked boost in translation of foreign earnings will offset much of the loss to higher interest charges.

It is even possible to see the likely lower average value of sterling as the source of higher output growth in 1985, when the market has hitherto been expecting the economy to slow down: imports should be choked off and exports should increase – as in any devaluation. Nevertheless, it may be a while before institutions turn buyers of equities again, however, cheap they may look in terms of prospective earnings. There is still the need for the gilt-edged market to show that it really is at the top of the hill, ready to march down again, and there are a couple of strikes to settle.



Sun Alliance/Phoenix

Announcing the terms of its agreed bid for Phoenix Assurance last night, Sun Alliance cast aside its traditionally conservative image and heralded the first sizable merger in the UK composite insurance sector for many a year. But the 24 per cent stake which it now has under its belt after the deal with Continental Corporation has not quite closed the door on any marauding black knights. Phoenix, recently the most favoured bid target in the UK sector, now has a price on its head and the sector could still be headed for another bout of takeover excitement.

In the last round, Eagle Star was eventually acquired at a 12 per cent discount to its asset value of around £8 per share. Phoenix, which happens to have an approximately equal asset value per share, is now recommending acceptance of a bid marking a 19 per cent discount. This is arguably a fair relative price, since Phoenix enjoys none of the market leadership which Eagle Star could claim in several sectors. Sun Alliance's bid at £6.50 per share also represents an exit p/e for Phoenix of just under 20 times, which compares with multiples of about 13-14 for most of the composite insurers in the market.

The total purchase consideration of £396.6m is clearly well within Sun Alliance's pocket. Indeed, the group's 124 per cent solvency ratio has long been held by critics to be a measure of some overcapitalisation. How the merger will affect the expense ratios of the new grouping is far from clear, nor is it really apparent how Sun Alliance might use Phoenix's assorted overseas interests to build up its foreign business. But within the UK, at least, the two companies' portfolios look usefully complementary. Phoenix has long been relatively weak in the household and property sector, which is the bidder's great strength, while the merger would lift Sun Alliance from being a minor competitor in the UK motor market to being the second largest behind General Accident.

The absence of any too conspicuous overlaps in the two companies' UK businesses has presumably given Sun Alliance some confidence that the deal will not be referred to the Monopolies Commission. If successful, its move could of course reduce the scope for an overseas predator looking at the UK sector and might even diminish Sun Alliance's own vulnerability to a hostile bid. But it will be well aware that Allianz had 29 per cent of Eagle Star at the outset of the last battle for a composite insurer. Phoenix's earnings are forecast to rise sharply in the next few years and there is plenty of opportunity to tighten up its less than glamorous return on assets. The Phoenix board can expect to have its recommendation closely examined.

British Steel

There is no denying the achievement of British Steel Corporation in reducing its 1983-84 operating losses before exceptional items from £383m to £174m. The privatisation wand seems to have sprinkled a little stardust over several areas of the group's activity. Its Allied Steel and Wire joint venture with GKN, most notably, has apparently turned itself around from losses of about £2m a month in 1982 to operating profitability.

The miners' strike has cut production levels by about 10 per cent against February/March, however, and every one cent decline in sterling against the dollar will add about £4m to BSC's annualised cost structure.

Sterling's new weakness against the D-Mark might offer some relief on the EEC pricing front; but the chairman's warning in the report and accounts published yesterday, that a major strategic reassessment is due, looks more timely by the day.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	82	Dubrovnik	S	26	79	Malaga	-	—	—	Salzburg	S	35	95
Algarve	S	30	86	Faro	S	26	79	Malta	S	30	86	Seoul	C	29	84
Algiers	S	34	93	Florence	S	32	90	Manila	S	34	93	Singapore	R	31	88
Amsterdam	C	18	64	Frankfurt	S	34	93	Miami	C	35	95	Stockholm	C	20	68
Athens	S	27	81	Funchal	C	21	70	Milan	S	31	88	Strasbourg	F	33	91
Bahrain	S	38	100	Geneva	C	30	86	Moscow	C	17	63	Sydney	F	18	64
Bangkok	S	33	91	Gibraltar	S	26	79	Munich	S	32	90	Taipei	S	34	93
Barcelona	F	27	81	Guernsey	S	17	63	Nairobi	C	22	72	Tangier	S	23	73
Beirut	S	28	82	Helsinki	S	22	72	Naples	S	28	82	Tehran	-	—	—
Belgrade	S	30	86	H. Kong	S	31	88	New Delhi	S	37	99	Tel Aviv	S	29	84
Berlin	S	34	93	Innsbruck	S	35	95	New York	S	25	77	Tenerife	S	28	82
Biarritz	C	21	70	Inverness	C	19	66	Nice	S	26	79	Tokyo	S	29	84
Blackpool	F	22	72	Istanbul	S	24	75	Oporto	C	19	66	Toronto	R	21	70
Bordeaux	C	24	75	Jersey	F	18	64	Oslo	S	21	70	Tunis	S	35	95
Brussels	F	21	70	Jo'burg	F	10	50	Paris	F	22	72	Valencia	S	31	88
Budapest	S	31	88	Las Palmas	S	28	82	Prague	S	34	93	Venice	S	25	77
B. Aires	R	11	52	Lima	C	20	68	Reykjavik	D	11	52	Vienna	S	32	90
Cairo	S	33	91	Lisbon	F	22	72	Rio de J'o	S	32	90	Warsaw	S	29	84
Cape Town	S	26	79	Locarno	F	27	81	Rome	S	30	86	Zurich	F	30	86
Caracas	C	28	82	London	C	19	66								
Casablanca	C	23	73	Los Angeles	S	35	95								
Copenhagen	S	24	75	Luxembourg	F	30	86								
Corfu	S	30	86	Madrid	S	25	77								
Dublin	C	18	64	Majorca	F	32	90								

Readings at mid-day yesterday

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Air Florida leases jet and crew

BY PAUL TAYLOR IN NEW YORK

AIR FLORIDA, the U.S. airline which filed for protection from its creditors under Chapter 11 of the U.S. bankruptcy code last week, plans to start flying its profitable Miami-to-London route again "as soon as possible."

In a new and separate blow to the airline, however, a federal grand jury in Washington yesterday charged Air Florida and three foreign airlines with fixing the prices of passenger fares between the U.S. and Central America in 1982 and 1983.

Air Florida last night denied the price-fixing allegations and said it would oppose the charges.

The other airlines indicted are Taca International Airlines of El Salvador, Transportes Aéreos Nacionales and Servicio Aéreo de Honduras, both of Honduras.

Air Florida's move to resume its London service follows the signing of a new lease with World Airways, a California-based carrier, under which Air Florida will lease a DC-10 aircraft and crew to fly the route under World Airways' colours.

The agreement has been approved by a Miami bankruptcy judge who also agreed this week to allow Air Florida to use up to $4m in accounts receivables over the next two weeks to try to start flying.

Previously, Air Florida had leased another World Airways DC-10 to fly the route under its own colours, providing its own crew. That form of agreement is termed a "dry lease," whereas the new arrangement is called a "wet lease." The distinction is important because lawyers believe it might make it more difficult for creditors abroad to seize aircraft when it arrives in London.

Air Florida said yesterday that no specific date to resume the service had been set.

PanAm considers widebodies, Page 5

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, F. Barlow, R.A.F. McClean, M.C. Gorman, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Thursday July 12 1984

Kaiser Aluminum back in the black

By Terry Dodsworth in New York

KAISER ALUMINUM, the fourth largest U.S. aluminium producer, achieved net profits of $32.5m, or 74 cents a share, in the second quarter of this year, largely because of a strong performance in its real estate activities and an $8.6m tax credit.

Compared with a year ago, when the group declared a quarterly loss of $51.3m, or $1.19 a share, the results also benefited from an improvement in the aluminium division.

That part of the company, however, is still operating at only breakeven level, according to Mr Cornell Maier, chairman, despite benefits from higher fabricated products prices and reduced costs for idle production facilities.

Setback for U.S. telephone group

By Terry Byland in New York

UNITED Telecommunications, the largest independent U.S. telephone group outside the Bell system, has reported lower earnings for the second quarter.

Mr Paul Henson, chairman, commented that the group, which provides nearly 4.8m telephones, primarily in suburban and rural areas, was incurring "significant transitional costs in our intercity group." Telephone operations were strong and promised to remain so.

Net earnings dipped by 12 per cent to $47.3m or 52 cents a share on revenues of $705.7m against $670.5m.

Bowater U.S. achieves big second-quarter gain

BY OUR FINANCIAL STAFF

BOWATER Inc, the North American operations of Bowater which are being split off from the UK parent, boosted second-quarter net profits from $10.2m or 41 cents a share to $16.6m or 61 cents, reflecting "substantially increased demand" for all its major products.

The figures are the first regular quarterly report from the new company, the largest U.S. newsprint producer, although results for the first quarter of 1984 were included in the offer document for Bowater Inc shares floated on the New York Stock Exchange in May. The shares represent about 25 per cent of the equity of the new company, with the rest to be distributed to holders of existing Bowater Corporation shares.

The second quarter profits are more than double the $8.1m earned in the first three months, and take the six-month figure to $24.7m or 95 cents a share, up from $15.8m or 63 cents in the first half of 1983. The 1983 figures have not previously been reported.

Revenues rose from $191.9m to $258.3m in the latest quarter, and from $361.3m to $467.6m in the first six months.

The company attributed the improvement in demand for newsprint, coated paper and market pulp to the steadily improving U.S. economy. First quarter results were hit by a labour dispute in British Columbia pulp and paper mills.

All products benefited from higher average selling prices this year, the company said. With demand increasing, Bowater raised its newsprint and coated paper prices on July 1 by 7 per cent and 8 per cent respectively.

● Mead, the Ohio-based diversified forest products group, yesterday reported a five-fold increase in second quarter net earnings led by its white paper business, writes Paul Taylor from New York.

The company said second quarter net earnings increased to a record $46.1m or $1.50 a share from $9.2m or 32 cents a share in the same period last year on sales which grew 15.8 per cent to $726.3m from $627.3m.

The earnings surge came despite the establishment of a special reserve in the latest quarter to cover possible losses on the disposal of its overseas reinsurance operations which reduced earnings by 17 cents a share. Offsetting this were several non-operating gains, mainly from the sale of property.

For the first half Mead reported net earnings of $67.7m or $2.21 a share on sales of $1.4bn compared with a loss of $2.8m or 12 cents a share on sales of $1.2bn in the 1983 period.

Mr Burnell Roberts, Mead's chairman and chief executive, noted that improved operations and a strong demand for coated white paper helped produce the better than expected results.

Three Louisiana banks merge

BY OUR FINANCIAL STAFF

THREE Louisiana banks have agreed on a merger which will create the largest bank holding company in the state, providing further evidence of a trend towards consolidation among smaller regional banks.

First Bancshares of Louisiana, First National Bancorp and Ouachita National Bancshares will form a new corporation called Louisiana Bancshares. Based on figures for June 30, this would have total assets of $2.7bn and shareholders funds of about $225m.

The deal, subject to shareholder and regulatory approval, was made possible by recent legislation which will permit state-wide multibank holding companies in Louisiana as of January 1, 1985.

The merger, which will be implemented by exchange of shares for new holding company stock, comes in the same week as a $230m deal to create the largest commercial bank in the more northerly state of Missouri.

Meanwhile, profits fell sharply at **RepublicBank**, parent of RepublicBank Dallas, the 21st biggest bank in the U.S. Second-quarter net earnings were $32.3m or $1.08 a share, against $38.2m or $1.36, taking profits for the first six months to $62m or $2.12 a share, down sharply from $76.8m or $2.73.

Earnings declined in 1983, for the first time in several years, to $130m on assets of $19.1bn.

Analysts have projected an earnings rebound this year.

In contrast, **Bank of New York**, 26th biggest U.S. bank holding company, lifted second-quarter net earnings from $21.8m or $1.35 a share to $26.3m or $1.58, taking six-month profits to $52.1m or $3.16 a share compared with $43.4m or $2.75.

Dow Jones earnings up 29% in quarter

By Our New York Staff

DOW JONES, the U.S. publishing group which owns the Wall Street Journal, has achieved a 29 per cent increase in second quarter net earnings to $37.3m or 58 cents a share compared with $28.9m or 45 cents a share in the same period last year.

The earnings improvement came on revenues which grew 13 per cent to $247.7m from $219m and helped lift first half net earnings to $68.2m or $1.66 a share on revenues of $476.1m against $52.4m or 82 cents a share on revenues of $415.9m in the 1983 period.

Wall Street Journal advertising linage increased 5.1 per cent in the quarter and 8.1 per cent in the first half. Advertising revenues rose 15.6 per cent in the quarter and 18.5 per cent for the first six months.

The company said, however, the Journal's circulation had fallen 2 per cent over the year to the end of June from 2.1m. A number of factors are blamed, including an increase in the annual subscription rate to more than $100 for the first time and to a decline in the segment of readers attracted by a rising stock market.

Dow Jones also reported that the circulation of Barrons, a weekly financial newspaper, fell from 300,000 to 280,000. The group reported a continued surge in new customers for its electronic news retrieval service, however. Dow said at the end of June more than 150,000 customers' terminals were drawing information from the computer-based system.

ITT cuts quarterly dividend and warns of lower profits

BY PAUL TAYLOR IN NEW YORK

ITT, the U.S.-based multinational conglomerate, has slashed its quarterly dividend to 25 cents from 67 cents a share. The cut, which sent ITT's share price plunging in after-hours trading on Tuesday, came as the company warned of significantly lower second-quarter earnings, mainly because of problems at its Hartford insurance subsidiary. It added that full-year results are not now expected to match last year's

The surprise decision, taken at a full board meeting, represents a serious setback for the company, which only a few months ago was projecting an improvement in full-year earnings despite a lower first-quarter result which was also blamed mainly on insurance underwriting losses.

After closing on Tuesday at $31 a share on the New York Stock Exchange, ITT's stock was changing hands in after-hours trading at around $24 a share, wiping over 20 per cent, or almost $1bn, off the company's market capitalisation.

After a delayed opening yesterday, the shares were trading at $21½.

ITT said yesterday that second-quarter earnings are now expected to be between 50 and 55 cents a share compared with $1.30 a share in the corresponding period last year. The company said final figures will be available later this month and explained that the lower earnings primarily reflected the poor return on Hartford's domestic property and casualty business resulting from the "generally inadequate pricing levels in the industry in the past several years and to the continuing frequency and severity of claims on an industry-wide basis."

ITT also noted that the second quarter will be depressed by the recently settled West German metalworkers' strike, which it estimated will adversely affect earnings by about $13m. ITT's West German manufacturing operations are second only to those in the U.S.

Mr Rand Araskog, ITT's chairman, president and chief executive, said he expects sales and revenues this year to increase by about 10 per cent over the $144.16bn last year, bolstered by current record order backlogs. However, he said the performance of the casualty insurance business meant that earnings for the current year were not expected to match the $674.5m, or $4.50 a share, reported last year.

He added that ITT intends to continue its programme of divesting units that do not fit into long-range growth plans.

The company said the dividend cut was made because its dividend cover ratio on a per share basis had become "inconsistent with the intensely competitive high technology environment in which ITT is one of the leading companies worldwide."

Mr Araskog said that ITT's financial flexibility to invest in telecommunications and other high technology products and services and in its other major businesses "has been in a major way sustained by the contributions to ITT earnings of the Hartford Fire Insurance Company."

The ITT chairman said the board voted to maintain the company's current rate of investment in high technology products and services at over $2bn a year, to continue to reduce its debt to equity ratio, and sustain the financial structure of Hartford.

Western Union quits satellite TV market

By Our New York Staff

WESTERN UNION, the U.S. communications group, has dropped plans to enter the direct broadcast satellite (DBS) market. The decision casts further doubt on the future of the once highly touted direct satellite-to-home television programme industry.

Western Union has dropped plans to build and launch four satellites capable of delivering DBS services across the U.S.. The company blamed a lack of programming for its decision, although it said it would "continue to monitor market conditions."

Two weeks ago CBS backed out of a proposed DBS joint venture with Communications Satellite Corporation (Comsat), and last year Mr Rupert Murdoch, the Australian publisher, pulled out of a similar project.

Mr James Ragan, vice-president of Western Union's communications systems group, noted: "The industry has been slow to jell," but said the company will continue to watch the market.

The current spate of withdrawals from the DBS field reflects an impending Federal Communications Commission deadline – which expires on Tuesday – for eight first-tier DBS applicants to begin construction of DBS services.

So far only one of those original successful applicants, United Satellite Communications, another joint venture operation, has begun a commercial DBS service. It has, however, encountered problems finding additional investors to expand its system.

Among other applicants who have yet to make their plans clear are RCA and Comsat.

INTERNATIONAL COMPANIES and FINANCE

Terry Dodsworth reports from New York on the high cost of thwarting an unwelcome takeover bid

Mr Smart's war of independence leaves debt legacy

MR BRUCE SMART, chairman of the Continental Group, bas just been through wbat be calls the "maturing management experience," of seeing his company taken over in one of the highly leveraged deals that are now the rage of Wall Street.

A month after Sir James Goldsmith, the Anglo-French financier, first declared an interest in the packaging and forest products conglomerate, Continental has engineered an amicable $2.75bn agreement. But, despite the friendly nature of the deal, Mr Smart would clearly like to put the clock back. "We would have preferred to have stayed as a public company and to have worked our way to the objectives we had set ourselves," be says.

In a strangely muted contest, in which Continental put together a strong defence and managed to force the suitors into a friendly private auction, Continental is generally credited with playing its cards skilfully. Yet the deal still demonstrates how quickly a takeover, and particularly a leveraged bid, can turn even the most carefully regulated company upside down.

The agreement effectively upends a long-term master plan which Mr Smart, as the newly-elected chairman of the company, bad set in motion three years ago. At that time, the group had, he says, a number of underperforming assets and an overstrained balance sheet. The top management drew up a programme designed to improve margins, embarking on an ambitious restructuring which generated $1bn-worth of disposals in two years.

By the end of last year, Continental was more or less in the shape that the management wanted it to be. It bad sold a chunk of its corrugated container operations and paper plants, along with its Canadian packaging business and six plastic bottle plants, retaining the best of its four divisions—packaging, energy, forest products and insurance.

At that point, Mr Smart came to the conclusion that the hectic pace of change bad become damaging to the businesses that remained. "People were looking over their shoulder to see who would be the next to go."

He called a halt to the disposals and told the separate divisions that they would have a three-year period of operating stability to prove themselves.

Mr Bruce Smart—three years of work turned upside down

But as Continental moved from its concentration on redeployment to operations, it was also changing into a recovery vehicle—and a potential target for predetors.

When the predators duly arrived, it also became clear that the management had, if anything, done too thorough a job in cleaning up the company. It was organised in a neat diversified structure which made it easy to sell off separate divisions—Sir James, for example, made it clear that he did not want the insurance business, says Mr Smart—and the balance sheet was an invitation to a leveraged offer.

Both the bid from Sir James and the winning offer from the joint company owned by Peter Kiewit Sons' and Mr David Murdock, depended crucially on the ability to gear up on Continental'a asset and cash flow base.

This was an option that would not have been much less attractive without the vigorous management actions of the previous three years, moves which had reduced the group's debt, net of cash, from $972m in 1982 to $579m last year, bringing it down from 60 per cent of its equity capital to 38 per cent.

To make matters even more precarious for Continental, this virtuous process had been scarcely recognised by the market. The group's shares were trading at only a little over their book value of $36 a share, partly because earnings, at $199m on sales of $4.9bn, bad not yet fully reflected the changes.

"In retrospect," says Mr Smart, "we had not recognised the stability of our cash flow, while were were underleveraged because of our previous asset redeployment. We had retired more debt and bought in fewer shares than we ought to have done—because we bad been highly conservative in putting our balance sheet in a text-book rating agency form."

The text-book structure will disappear completely in the company emerging from the bid. Around $2bn of the purchase price bas been provided by a banking consortium led by Morgan Guaranty. Only $750m of the acquisition money will be put up in the form of equity by the two acquiring partners.

The takeover is equally destined to change the operating structure of Continental. Mr David Murdock, who will have 20 per cent of the joint company with Peter Kiewit, says they intend to sell some of the group's operations soon to pay off a part of the debt. Mr Smart concurs: "Now that we are operating on a leveraged basis we shall have to take some disposal steps quickly."

Thus at the end of the day, Mr Smart and his management team ore left with a company which is almost the antithesis of what they set out to achieve three years go. Continental is now probably capable of earning much more than at the beginning of the asset redeployment process, but it has an extremely highly geared balance sheet, and is suffering even more acutely from the uncertainty of continuing reorganisation.

The main consolation, says Mr Smart, is that a deal has emerged which protects shareholders whila avoiding the threat of a complete breakup of the group—Peter Kiewit has indicated that it will continue to operate Continental as a separate entity.

This, he adds at least gives some protection to the workforce, a point which he feels is often ignored in takeovers. "As professional managers, we are elected to represent shareholders. But from an ethical point of view I also feel that the workforce should not lose out. Workers and senior management are committing their careers, and they do not bave that to play over again."

Dutch plan tax relief for stock market investors

BY WALTER ELLIS IN AMSTERDAM

THE DUTCH Government is widely expected to introduce tax relief for stock market investors in its September budget.

The proposed scheme is understood to apply to newly issued shares only, and in this respect differs significantly from the tax relief that applies to equity investors in France and Belgium.

Details of the Dutch plan are still being worked out, but the financial comunity in Amsterdam expects tax relief to be available from January 1, next year.

It is understood that proposals under consideration will allow investors in newly quoted shares tax relief of one-third of their investment up to a maximum of Fl 10,000 ($3,100).

New issue activity will also be limited. Companies will be restricted to share issue ceilings, possibly to raising a maximum of Fl 50,000 of fresh capital.

Tax relief on share investment in France, which bas been a major factor behind the strength of the French bourse in recent years, is available on both existing and newly issued shares.

Dutch investors have long complained that they are taxed twice on their equity investments, first through a dividend tax and then via income tax. Baron Bondewijn van Ittersum, chairman of the Amsterdam bourse, said a move now would be "a major stimulus to the investor and to tha companies concerned."

Mr Jolmer Gerritse of stockbrokers Kooijman said yesterday, bowever, that his firm was unhappy about the proposal, which was too limited in its scope and likely to encourage imprudent speculation.

"If it goes through, we will see a lot of new companies of a high-risk, venture-capital character being bought up by individuals as a tax-break. There could well be issues we would not be happy about."

Kloeckner sees continuing improvement

By Rupert Cornwell in Bonn

KLOECKNER, the privately-controlled West German steel trading and engineering group, is confident of a further gain ni profits this year, after the improvement to DM 30m ($10.6m) from DM 27m during 1983.

Herr Jörg Henle, partnr and chief executive of the Duisburg-based concern, reported that overall turnover of the group, embracing also Kloeckner - Humboldt - Dentz adn tha steel concern Kloeckenr-Werke, was unchanged last year at DM 18.7bn.

Kloeckner itself lifted sales to DM 9.44bn in 1983 from DM 9.22bn. Investments dipped to DM 52m from DM 73m, to stand at their lowest level for six years, while the workforce at year-end had declined to 7.396 from 7,778 and was 2,000 fewer than a decade ago.

Despite the protracted strikes in the engineering industry here. Herr Henle was confident that most of the concern's divisions would perform better this year. The company reckons that in the steel sector an dplant processing the worst is now over.

Kloeckner recently changed its legal structure to become a limited partnership with shares. This was to avoid estate tax complications which might otherwise have led to a DM 300m tax demand.

Amro expects EAB link to dent earnings

By Our Amsterdam Correspondent

AMSTERDAM - ROTTERDAM BANK (Amro), the big Dutch commercial bank, expects lower net profits for the first half of this year as a result of its involvement in the loss-making European American Bank of New Yark (EAB).

Amro has a 17 per cent stake in EAB. The other shareholders are Midland Bank of the UK, Creditanstalt-Bank of Austria, Deutsche Bank, Societe Generale da Banqne of Belgium and Societe Generale of France. Amro is responsible on a pro-rata basis for $13.6m of a new $80m equity guarantee issued by the holders which is expected to minimise the consequences of the EAB loss in the second half of the year.

In 1983, Amro recorded balf-year earnings of Fl 106m ($33.3m)—22 per cent up on the same period in the previous year—aided by improved interest margins and booming stock exchange commissions. For 1983 as a whole, net profits were Fl 209m, with provisions against debt of Fl 950m.

Aker shows strong advance

By Our Oslo Correspondent

AKER, the Norwegian oil installation building and engineering group, reports a pretax profit of NKr 109m ($14m) in the first four months of this year, compared with a loss of NKr 35m last year.

A remission of debt to the loan institute for shipbuilders gave a strong contribution to the improvement.

Allianz forecasts bigger payout

BY OUR FINANCIAL STAFF

ALLIANZ, the West German insurance group, expects to pay an increased dividend this year if earnings can maintain the pattern of growth shown so far in 1984.

Shareholders were told at the annual meeting that the company bad entered the second balf of the year well positioned. For the opening six months, premium income improved by 7 per cent.

Allianz, which pulled out of a bid for Eagle Star earlier this year, is bopeful of avoiding tax on the capital gains achieved by the sale of a 30 per cent stake in the UK insurance group.

Allianz bas reinvested the DM 550m ($195m) proceeds from its Eagle Star boldings. It said it was negotiating with the UK authorities on possible tax exemption on the profit.

This might be allowed, it explained, because of the relocation of tha former London-based unit Allianz Holding to the Netherlands.

In the first balf of 1984 premium income from business acquired by foreign subsidiaries grew 19 per cent in D-Mark terms. Claims in the first five months, meanwhile, had eased by 3.8 per cent against the year ago period.

Group capital investments in the first five months were 10.7 per cent higher at DM12bn.

● Preussag, the metals and chemicals group, can achieve higher earnings in 1984 if the impact of poor zinc earnings and the strong dollar is maintained over the second half-year, the annual meeting was told yesterday.

Portugal to close Quimigal units

BY DIANA SMITH IN LISBON

THE PORTUGUESE Government nitends to shut down unprofitable units operated by Quimigal, tha public sector conglomerate, in an attempt to force the enterprise sort out its troubled finances.

be plans are part of the Government's three-year economic and financial recuperation plan, which tackles major obstacles to Portugal's economic stablity, including losses and debts generated by upblic companies.

Between 1978 and 1980 Quimigal bad an ambitious Esc 11bn investment plan amied at making the company one of Europe's large conglomerates. But financial costs and technical problems plagued many subsidiaries.

The first business to fall under the government axe will be the Esc 5bn ($37.5m) pyrite ash pelletising unit built in 1980 but only run briefly in 1982 and 1983. Thep lant acquired technology from Japan and created 214 jobs. It was supposed to produce 300,000 tonnes per annum of pellets and save $7m a year in foreign exchange.

The Government also wants to close part of a $3.75m fibre-glass unit with a 2,000 tonne annual capacity. This subsidiary was formed in 1980 with the help of U.S. technology.

Studies will be made of possible divestments plus the posviable units. The government wants clearer production and financial targets to be strictly followed.

Legislation earlier this year ended a monopoly for Portugal's nationalised fertiliser producers of which Quimigal is the largest. Private enterprise groups can now operate in this field.

INTL. COMPANIES & FINANCE

Wong Sulong reports on the reasons behind a Malaysian bank swap

MPH deal saves Daim five years

BY SWAPPING control of banks over the weekend, Mr Daim Zainuddin, one of Malaysia'a most influential corporate figures, and Multi-Purpose Holdings, the biggest Malaysian Chinese corporation, have unleashed fetters restraining their ambitions in the financial scene.

Mr Daim gains control of one of the big Malaysian banks, saving at least five years of his time. That is important because the 45 year-old Daim, a close adviser to Dr Mahathir, the Prime Minister, freely acknowledges he is a man in a burry.

For MPH, the deal ends its long and tortuous search for control of a commercial bank.

Under the agreement, MPH is to aell off its 40.7 per cent stake in United Malayan Banking Corporation to two of Daim's companies, for a reported sum eqnivalent to 250m ringgit ($108m).

As settlement, Daim will transfer bis 51 per cent stake in the Malaysian French Bank to MPH and make a cash payment of 132m ringgit.

The deal, whicb is subject to approval by the authorities — a formality, since they must bave been consulted before it was struck — also illustrates how major transactions are being consumated in Malaysia these days, when politics and business are so inextricably mixed.

Dalm's influence has been growing in proportion to Dr Mabathir's consolidation of political power over the past three yaars. He now beads the Fleet Group, Malaysia's biggest newspaper chain, and Paremba, the major government property developer, as a nominee of the ruling UMNO party.

His personal flagship is Taman Malurl, whicb is involved in property development, manufacturing and trading.

Daim's opportunity to go into banking came two years ago. Because Malaysian law does not allow a foreign government bank to operate in Malaysla, and because of the nationalisation of banks under the Socialist Government of President Mitterrand in France, the Bank Indosuez had to incorporate a local entity, the Malaysian French Bank, to take over its two branches.

But it soon became obvious to Daim that the Malaysian French Bank was not the vehicle for bim to make a big impact in the banking industry.

Third choice

"No doubt," be could get the necessary approvals to expand the branch network, but its a hall of a problem getting the people to operate the brancbes," says a local banker.

With 50 brancbes, UMBC fits the bill. But it was not Daim's first choice. Originally, he was eyeing a strategic atake in the local operations of either the Hongkong and Shanghai Banking Corporation, of Hong Kong, or of the Cbartered Bank, the subsidiary of Standard Chartered, of the UK, both of which had submitted proposals to the Malaysian authorities to meet the requirements of the New Economic Policy—which aims generally to restrict foreign ownership of companles in Malaysia to 30 per cent by 1990, as well as to give the indigenoua Malay population a 30 per cent stake, with the non-Malays bolding 40 per cent.

HSBC bas 36 branches in Malaysla, and the Chartered has 35. They are the oldest banks in the country.

However, because of the serioua balance of payments problem, and because of a miscalculation of the costs, the Government deferred the localisation of these two banks indefinitely.

MPH bought its stake in UMBC at about the same time as Daim took control over MFB, but not after stirring up a atorm of controversy.

Originally, MPH secured agreement to buy over 51 per cent of UMBC, but a premature leak of the news created an uproar of protests among certain sections of the Malay community, including elements of the UMNO party.

MPH bad no choice but to reduce its purcbase to 40.7 per cent, sharing equal ownership and management of the bank with Pernas, tha government investment agency.

But right from the start, the partnership did not work, because of the conflicting aims and management styles of MPH and Pernas.

As a result, UMBC has lost out to other Malaysian banks during the past three years, which have seen rapid expansion in the Malaysian financial sector.

Great potential

Malaysian Frencb Bank has a paid-up capitat of 40m ringgit and total assets of about 700m ringgit. Last year, it made pre-tax profits of about 9m ringgit.

Althougb small, the bank has great potential, says Mr Tan Koon Swan, MPH's managing director. The bank intends to open at least a dozen new brancbes over the next few years.

In less than eight years, MPH has grown to be one of Malaysla's biggest corporations. Its paid-up capital has increased from 30m ringgit to 750m ringgit, and assets exceed 2.5m ringgit.

The 132m ringgit from Daim and 150m ringgit from a recent rights issue should take care of its loans, and leave some apare cash for expansion.

The UMBC-MFB bank swap is not the first major deal between MPH and Daim and other Malay groups. It will not he the last, considering the rapidly changing Malaysian business scene.

Affiliates boost earnings at Toshiba

By Yoko Shibata in Tokyo

WITH A Y5.7bn contribution from affiliates compared with a Y3.8bn loss last time and a strong performance in the electronics and consumer products sectors Toshiba Corporation lifted group net profits by 54 per cent to Y59bn (U.S.$244m) in the year to March on sales of Y2,706.9bn, up by 13 per cent. Profits per share were Y22.46, compared with Y14.76.

The results covered Toshiba's 32 consolidated subsidiaries and its sbare of the results of 188 affiliates. Parent company net profits of Y50bn (up 1 per cent) and salea of Y2,025.7bn (up 16 per cent) are also included.

The proportion of electronics salea was raised to one third of the total in the year. Helped by strong aales of semiconducters (up 45 per cent) magnetorone (up 37 per cent) and the delivery of the Yuri-2 communication satellite, sales of electronic components and industrial electronics jumped by 25 per cent.

Strong sales of video cassette recorders (VCRs) and microwave ovens, chiefly in the U.S. and European markets, lifted consumer product sales by 10 per cent to account for 29 per cent of the total. Sales of heavy electrical apparatus in general were sluggish, baving been affected by curbs on public work expenditure and utility company capital investment. However, the delivery of nuclear power generation equipment pushed up sales of the sector by 8 per cent to account for 27 per cent of turnover.

For the current year consolidated net profits are expected to reach Y80bn, up 35 per cent, on turnover of Y3,300bn, up 23 per cent belped by vigorous sales of electronic products.

Japanese bankruptcies

TOKYO — The number of Japanese corporate bankruptcies in Jnne fell to 1,619 from 1,633 a year earlier, the first year-on-year fall in 18 months. The June total was also down from a record 1,965 in May.

However, the June debts of bankrupt companies totalled Y318bn up from Y270bn in May and Y233bn a year earlier.

Corporate bankruptcies in the first six months of 1984 numbered 10,399 with debts of Y1,745bn, up from 8,962 with Y1,270bn in the same 1983 period.

Reuter

Chinese venture for Mandarin

BY OUR FINANCIAL STAFF

MANDARIN RESOURCES, an investment company which bas investments in Hong Kong, Singapore, Malaysia, Canada and the UK, as acquired a 75 per cent equity interest in Goodpany's subsidiaries for HK$9.25 year Estates and all of the company's subsidlaries for HK$9.25b (US$1.18m).

The Mandarin purcbase includes all the issued share capital of the Hong Kong-based Goodyear Packaging and the assets of Goodyear Printing Press.

Goodyear Printing's main assets include a printing plant in Hong Kong and a 50 per cent stake in Shenzhen Goodyear Printing, whicb operates a printing complex in China's Shenzhen Special Economic Zone.

The remainder of Shenzhen Goodyear Printing is beld jointly by Shenzhen Light Textile Industrial Corporation and the Guangdong branch of China National Packaging Import Export Corporation.

Mr Tan Sri Dr Tay Teck Egn, Mandarin's chairman, said bis company was delighted to finalise its first venture ln China. He also said the company was very satisfied with the price.

Mandarin owns 21.46 of Bluemel Brothers, the UK bicycle manufacturer whose chairman is Mr Ronnie Aitken. Both Mandarin and Bluemel are managed by Jenks and Cattell, of which Mr Aitken is also chairman. Jenks is a Wolverhampton - based maker of systems buildings, garden tools and other products. Mr Aitken is also deputy chairman of Mandarin Resources.

Group profits rise by 5% at Mitsubishi Corporation

BY ROBERT COTTRELL IN TOKYO

MITSUBISHI Corporation, the Japanese trading house, bas announced consolidated net profits of Y26.8bn ($111m) for the year to March, an increase of 5.3 per cent over the prior year's Y25.4bn. Group sales totalled Y15,815bn, a rise of 0.8 per cent.

The results reflect the performance of 67 subsidiaries, and 278 other affiliates included on an equity-accounted basis. Mitsubisbi earlier announced net profits for its parent company only of Y20.3bn.

The parent company accounted for some 95 per cent of group trading transactions, and 76 per cent of consolidated net profits for the year. The major subsidiaries incorporated in the consolidated financial statements are the group's sales arms in the U.S., Canada, Germany, and Australia.

A breakdown of sales shows the strongest growth in foodstuffs (up 10 per cent at Y2,370bn) and fuels (up 7.7 per cent at Y4,537bn). Geographically, Mitsubishi's offsbore trade grew 28.3 per cent during the year to Y2,203bn, while Japanese export, import, and domestic trade shrank by 6.9 per cent, 0.9 per cent, and 1.9 per cent respectively.

Mitsubishi Corporation's consolidated balance sbeet at March 31 shows total assets of Y5,656bn, including sbareholders' funds of Y424.9bn.

Toyota Motor may join telecommunications project

BY OUR TOKYO CORRESPONDENT

TOYOTA MOTOR, Japan's largest manufacturer of cars, said it is interested in participating in a telecommunications project led by the state-owned Japan Higbway Public Corporation (JHPC).

JHPC is leading one of four rival projects to establisb a new domestic public telecommunications network in Japan next year, wben planned legislation is expected to curb the monopoly francbise of the state-owned Nippon Telegraph and Telepbone (NTT).

The JHPC group and the state-owned Japan National Railways both propose schemes to lay optical fibre cables along their respective nationwide networks.

A third rival, the "Daini Deo-Den" consortium led by the electronics group Kyocera, has now said it will probably abandon its original scheme to lay optical fibre cables, in favour of a telecommunications network based on wireless transmission networks.

The fourth consortium, led by the Federation of Economic Organisation (Keidanren), is now pressing for greater unity among the contenders.

DCB tops listing forecast

BY WONG SULONG IN KUALA LUMPUR

Development and Commercial Bank (DCB), which obtained a listing on the Malaysian and Singapore stock excbanges last July, bas exceeded its profit forecast by reporting a 41 per cent increase in pre-tax earnings to 45.2m ringgit (US$19.6m) for 1983. In its prospectus last July, DCB forecast a pre-tax profit of just below 38m ringgit.

After-tax profits rose 52 per cent to 26.5m ringgit.

The group's total assets rose by 41 per cent to 3.6bn ringgit. Total deposits advanced by 31 per cent to 2.5bn ringgit while total loans and advances increased by 34 per cent to 1.6bn ringgit. The final dividend is 5 cents on DCB's 226m issued shares.

This prospectus contains particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Amari public limited company and its subsidiaries. The directors of Amari public limited company ("the Company") have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or opinion. All the directors of the Company accept responsibility accordingly.
Application will be made to the Council of The Stock Exchange for all of the Ordinary Shares of 25p each of the Company, issued and now being issued, to be admitted to the Official List. Copies of this prospectus, together with the documents specified herein, have been delivered to the Registrar of Companies for registration.

The application list for the Ordinary Shares now being offered for sale will open at 10.00 a.m. on Tuesday, 17th July, 1984, and may be closed at any time thereafter. The procedure for application and an application form are set out at the end of this prospectus.

AMARI

AMARI PLC

(Incorporated under the Companies Acts 1948 to 1981, No 1740768)

Offer for Sale by Samuel Montagu & Co. Limited

of 12,163,810 Ordinary Shares of 25p each at 110p per share, payable in full on application.

Share Capital

The share capital set out below reflects the position after redemption at par, out of part of the proceeds of the Offer for Sale, of the Company's 11 per cent Cumulative Redeemable Preference Shares of £1 each, of which £3,079,000 are in issue at the date hereof.

Authorised		*Issued and now being issued fully paid*
£9,375,000	Ordinary Shares of 25p each	£5,377,509.75
625,000	'A' Employee Ordinary Shares of 25p each	624,990.25
1,250,000	'B' Employee Ordinary Shares of 25p each	1,250,000.00
£11,250,000		£7,252,500.00

The Ordinary Shares, 'A' Employee Ordinary Shares and 'B' Employee Ordinary Shares of the Company rank in full for all dividends hereafter declared, made or paid.

Indebtedness

At the close of business on 15th June, 1984 the Company and its subsidiaries had outstanding in aggregate bank overdrafts and liabilities under acceptance credits of £9,362,000 of which £7,380,000 was secured, secured term loans of £3,358,000, hire purchase liabilities of £90,000 and leasing commitments of £1,104,000. It also had contingent liabilities at that date comprising liabilities under trade guarantees of £147,000, documentary credits of £425,000 and bills discounted of £284,000. Save as aforesaid, and apart from intra-group liabilities, at the close of business on 15th June, 1984 neither the Company nor its subsidiaries had any loan capital (including term loans) outstanding or created but unissued, nor any outstanding mortgages, charges, debentures or other loan capital or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or guarantees or other material contingent liabilities.

Definitions

In this prospectus the following expressions have the following meanings:

"Amari" and "the Company"	Amari public limited company, or where the context requires, any of its subsidiaries as appropriate
"the group"	Amari and its subsidiaries
"Ordinary Shares"	Ordinary Shares of 25p each of the Company including, where the context requires, 'A' and 'B' Employee Ordinary Shares
Group companies	
"Amari International"	Amari International PLC, the principal subsidiary of the Company which was acquired in December 1983
"Aalco"	Aalco Limited and its subsidiaries
"Amari Plastics"	Amari Plastics Limited
"AWS"	Amari World Steel (Holdings) Limited and its subsidiaries
"AWM"	Amari World Metals Limited
"Century"	Century Aluminium Company Limited and its subsidiaries
"Leavlite"	Leavlite Limited and its subsidiaries

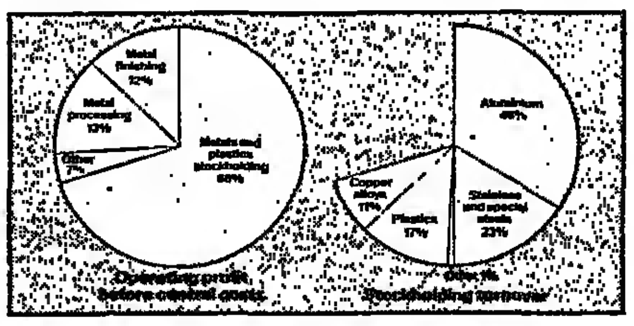
Key Information

The following information should be read in conjunction with the full text of this prospectus.

Business

The principal activities of the group are the stockholding and distribution of aluminium, stainless and special steels, plastics and copper alloys, and the processing and finishing of aluminium and stainless steel. The group purchases its materials from international sources and distributes them, primarily through its network of 33 locations in the UK and 9 overseas, to approximately 20,000 customers representing a wide range of industries. The group also has aluminium processing and finishing activities at 10 locations in the UK.

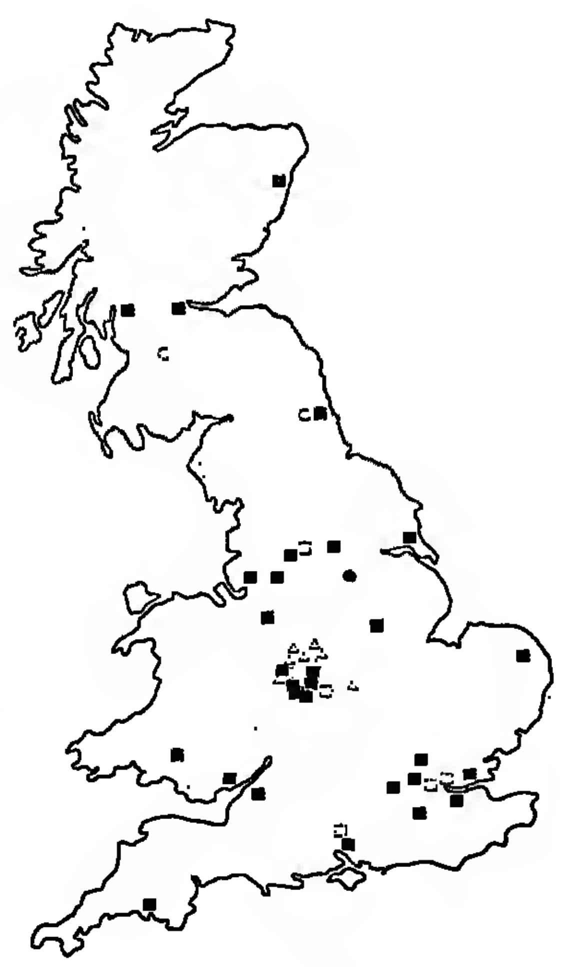
The diagrams below analyse by activity the group's 1983 operating profit before central costs, and show by product the group's 1983 stockholding and distribution turnover, which represented 60 per cent. of the total turnover in that year.



Trading record of continuing activities	Years ended 31st December. 1979 £'000	1980 £'000	1981 £'000	1982 £'000	1983 £'000
Turnover	70,584	82,536	90,449	109,558	136,071
Profit (loss) before taxation	2,166	317	(805)	1,504	3,274

Forecast for the year ending 31st December, 1984	
Profit before taxation, not less than	**£5.4m**
Offer for Sale statistics	
Offer for Sale price per Ordinary Share	**110p**
Capitalisation at the Offer for Sale price	**£31.9m**
Forecast weighted average earnings per share after estimated tax charge of 40 per cent.	**12.5p**
Price earnings ratio at the Offer for Sale price based on forecast earnings per share of 12.5p	**8.8 times**
Gross dividend yield *based on the indicated level of annual* dividends of 4.8p per Ordinary Share (being 6.9p including the associated tax credit)	**6.2%**
Dividend cover based on the above dividends and forecast earnings per Ordinary Share	**2.8 times**
Proforma net tangible assets of the group	**£20.7m**
Proforma net tangible assets per Ordinary Share	**71p**
Percentage of the enlarged issued ordinary share capital being offered for sale:	
– by the Company	**33.8%**
– by existing shareholders	**8.1%**

Group Locations—U.K.



■ AALCO
□ AMARI PLASTICS
○ CENTURY
△ LEAVLITE
● AMARI WORLD STEEL

Directors and Advisers

DIRECTORS

Michael Ward Thomas *Chairman*
Jon Peter Pither *Managing Director*
Brenda Langley FCA
Albert Roy Merrington
Alexander Miller
Keith Piggott
Christopher John Romer
Keith Thomas Winterton

all of Amari House, 52 High Street, Kingston on Thames, Surrey KT1 1HN.

Secretary and registered office
Colin Joseph Farman FCIS,
Amari House,
52 High Street,
Kingston on Thames,
Surrey KT1 1HN.

ADVISERS

Issuing house
Samuel Montagu & Co. Limited,
114 Old Broad Street,
London EC2P 2HY.

Stockbrokers
Kitcat & Aitken,
The Stock Exchange,
London EC2N 1HB.

Solicitors to the Company and to the Offer for Sale
Ashurst, Morris, Crisp & Co.,
Broadgate House,
7 Eldon Street,
London EC2M 7HD.

Auditors and reporting accountants
Ernst & Whinney,
Chartered Accountants,
Becket House, 1 Lambeth Palace Road,
London SE1 7EU.

Receiving bankers
The Royal Bank of Scotland plc,
New Issues Department,
24 Lombard Street,
London EC3V 9BA.

Registrars and transfer office
The Royal Bank of Scotland plc,
P.O. Box 27, 34 Fettes Row,
Edinburgh EH3 6UT.

INTRODUCTION

The group's principal activities are the stockholding and distribution of aluminium, stainless and special steels, plastics and copper alloys, and the processing and finishing of aluminium and stainless steel. It is the largest independent aluminium and stainless steel stockholder in the UK, purchasing these metals in world markets and selling them through its 33 outlets in the UK, seven in Europe and two in North America. The group is independent of any single producer and the directors believe that this independence, together with its network of locally managed outlets, enables the group to purchase on the best terms and to respond rapidly to changes in customer requirements.

In January 1982 negotiations were commenced by the directors for the purchase of the Company's principal subsidiary, Amari International, from The British Petroleum Company plc ("BP"). These negotiations were concluded in December 1983 when the directors, together with some 250 employees including all key managers, acquired, through the Company, the share capital of Amari International, with the financial support of County Bank Limited, the ICFC division of Investors in Industry plc, Moracrest Finance Limited and The County Council of West Midlands Superannuation Fund.

The directors believe that it is now appropriate to seek a listing for the Company's shares. The 12,163,810 Ordinary Shares now being offered for sale represent 41.9 per cent. of the issued ordinary share capital of the Company, of which 9,800,000 are new shares which will raise approximately £10.1m after expenses. Of this sum £3.1m will be used to redeem preference shares which were issued as part of the financing for the purchase of Amari International. The balance of £7.0m will be used for the continued development and expansion of the group's existing businesses, both in the UK and overseas.

HISTORY

Amari International originated as a tin mining company and became a public company listed on The Stock Exchange in the early 1930's. In the 1960's control passed to a group of investors who used the company as a base for the development of an aluminium stockholding business. In 1974 Amari International was purchased by Selection Trust Limited, which was itself acquired by BP in 1980.

During the period of ownership by Selection Trust Limited and BP the group retained substantial financial and operational autonomy which enabled it to undertake the expansion of its business in the UK and overseas. In 1976 the group started stockholding and distributing plastics and in 1977 it acquired the Century aluminium extrusion business. This was followed, in 1980, by the acquisition of Leavlite, a market leader in metal coating and finishing and, in 1981, by the acquisition of a business engaged in the stockholding of copper alloys. In addition to these acquisitions, the group extended its product range to include stainless and special steels, copper alloys and plastics, and its geographic coverage to include further locations in the UK and new outlets in Europe and North America.

The group has achieved significant growth in the last decade as reflected in the increase in turnover from £17m in 1975 to £136m in 1983, in profit before taxation from £0.6m to £3.3m, and in the number of its distribution outlets from 27 to 42.

GROUP STRATEGY

The directors believe that the group has successfully developed strategies in the following areas, which when taken together distinguish it from its competitors and which have been the key to its success in recent years:

- **purchasing:** the group aims to purchase its products from both UK and international sources on the best terms available by remaining independent of any single producer, in contrast to some of the group's major competitors which are aligned to particular producers.
- **customer service:** the group aims to enhance customer service by locating its outlets so as to offer local customers the ready availability of a wide range of metals and plastics at prices which benefit from the group's central purchasing ability.
- **operational autonomy:** the group aims to retain the flexibility to respond quickly to changing customer requirements and to identify and exploit new products and markets by allowing its local management considerable operational autonomy.
- **added value:** the group aims to add value to the products it distributes by the processing and finishing of metals using advanced technology where appropriate.

Examples of the implementation of these strategies are given in the description of the group's business.

BUSINESS

The table below analyses turnover and profit before taxation arising from the group's continuing activities for the year to 31st December, 1983.

	Turnover £m	%	Profit before taxation £m	%
Metals and plastics stockholding	81.4	60	4.1	68
Metal processing and finishing	22.5	17	1.6	25
Merchanting activities	29.0	21	0.3	6
Home improvements	3.2	2	0.1	1
	136.1	100	6.1	100
Net interest payable			(1.5)	
Central costs			(1.3)	
Profit before taxation			3.3	

Metals stockholding and distribution

The metals stockholding and distribution business of the group which is carried on through the **Aalco** group of companies, achieved sales of £68m in 1983 from 27 outlets in the UK, six in Europe and two in North America. The majority of outlets are incorporated as subsidiaries in order to emphasise to customers and to local management the autonomy of the outlets, and to generate a local marketing identity. Two separate operations specialise in providing processing facilities covering plate cutting and stainless steel polishing and coating. Processing facilities are also available at a number of other branches.

There is a continuing trend for users to buy from stockholders the principal products which Aalco supplies. This trend arises from the requirement of producers to achieve the economies of scale available from larger minimum order sizes, and from recognition by purchasers of the benefits of using stockholders. These benefits include the release of capital and warehouse staff and space, the ability to purchase exact quantity requirements, the ready availability of a broad range and depth of products, competitive pricing arising from the stockholders' purchasing power, and the technical support that is available from the stockholders' product specialists.

Products and customers

The metals supplied by the Aalco group are semi-fabricated, in the form of sheets, bars, rods or extrusions, covering aluminium, stainless and special steels and copper alloys. Aalco has some 14,000 customers covering a wide range of industries, and it is not dependent on any one customer or industry for a significant proportion of sales. For aluminium products, major customers include the light and heavy engineering, domestic appliance, construction, shipbuilding and road and air transport industries, reflecting aluminium's versatility, lightness and resistance to corrosion. The bulk of Aalco's stainless steel sales are to fabricators supplying the catering and refrigeration industries, to tool and component suppliers and to the food and chemical processing industries, where the resistant properties of stainless steel are important. Copper alloy sales are primarily to component machinists and the electrical industry.

Market share

The directors believe that stockholders account for some 25 per cent. of UK aluminium sales, with a considerably higher market share in certain products; the share of the stockists' market attributable to the Aalco group has grown from some 12 per cent. in 1979 to some 17 per cent. in 1983, and it is now the largest distributor independent of any producer. For stainless steel products, the directors believe that stockholders account for over half of UK sales, that the Aalco group has some 10 per cent. of this market, and that it is one of the leading distributors. The distribution of copper alloys is dominated by two UK producers but Aalco's market share is significant. The directors believe that Aalco distributes a broader range of metals than many of its competitors which gives it a competitive advantage.

Purchasing

Over half by value of Aalco stocks are purchased centrally on the basis of requirements notified by the branches and an assessment of the requirements for standard products which are held in the group's central stock facility, located in Birmingham. This enables the group to place large orders with mills and thereby, in the opinion of the directors, negotiate the best terms, and quote prices locally that are competitive at national level. The group uses four principal European suppliers of aluminium and some dozen in total. Local branches are given controlled flexibility in the purchase of specialist materials and products which cannot be ordered efficiently through central purchasing.

Location and distribution

Aalco operates 27 outlets in the UK, which is more than any other

stockholder and distributor of non-ferrous metals. A typical branch is located in a warehouse of 10-20,000 square feet with ancillary offices, employs some 15-30 staff, and acts as a stockholder and distributor of a range of products appropriate to the needs of its local customer base. The combination of a strong local presence and a national network of branches enables the group both to service specialised local customer needs and to meet the requirements of substantial industrial organisations. The local presence also enables the group to respond quickly to customer orders. Each location operates its own vehicles and by drawing on its own stock is able to offer customers delivery on the day of order, or within 48 hours by drawing on the group's central stock via its national transport system. The directors believe that the depth, range and ready availability of products from its local or central stockholding facilities are important factors underlying the group's reputation for reliability and service.

The number of UK branches has been increased from 23 in 1979 to 27 in 1983, and two new branches are being established in the current year. the number of overseas outlets has been increased from four to eight in the same period, with the establishment of two outlets in Canada and two in Europe. Sales by the overseas outlets have grown significantly over the last five years and in 1983 represented 19 per cent. of sales by the Aalco group.

New products and markets

Aalco's strong local presence enables demand to be identified and supported at local level, and products to be introduced on a multi-branch or national level, which can provide significant additional contributions to profit. Advantage is thereby taken of the size and efficiency of the group as a purchasing, stockholding and selling organisation. Examples of such new products are the introduction in the last few years of copper alloys and plastics products, the recent development of commercial vehicle systems for the road transport industry, the introduction of processing operations at a number of branches, which enables the group to add value to the products it distributes, and the development of specialist units serving the aerospace, marine, petrochemical and food industries.

Plastics stockholding and distribution

The group's plastics stockholding and distribution business is primarily carried on through both **Aalco** and **Amari Plastics**. Amari Plastics commenced operations in 1976 and achieved sales of £10m in 1983 through its five branches in the UK. Plastics are also sold through nine Aalco branches, which contributed sales of £3m in 1983.

Products and customers

The plastics distributed by Amari Plastics comprise principally rigid plastics, such as 'Perspex' and 'Makrolon'. In addition, it supplies plastic fasteners and smaller tonnage lots of PVC polymer. Amari Plastics has some 4,000 active customers representing a wide range of industries, including the sign making, display, glazing, engineering and chemical processing industries.

Market share and purchasing

The directors believe that the group supplies some 16 per cent. of the UK market for rigid thermoplastic sheet and section supplied by stockholders. With one exception, other distributors have considerably smaller market shares. The market share of Amari Plastics has grown strongly over the last five years, from 8 per cent. in 1979 to its present level, reflecting the extension of its product range and its reputation for prompt delivery and technical support. Some 50 per cent. of the group's requirements are purchased from Imperial Chemical Industries PLC, with whom there is a supply agreement subject to six months' notice by either party. The balance of the group's requirements is purchased from other, primarily European, producers and the group's market position enables it to buy on terms which it believes to be amongst the best available to a UK distributor.

Metal processing

The metal processing activities of the group are primarily carried out by **Century**, which in 1983 achieved sales of £18m and operating profit before central costs of £0.8m. The principal business of Century is aluminium extrusion which is carried out at factories located at Sanquhar, Dumfriesshire and Birtley, Tyne and Wear, controlled from its head office in Birmingham. Century specialises in extruding aluminium billet into the profiles required by its customers, ranging from simple solids to complex hollows, and has developed some 8,000 specialist dies to satisfy this demand.

Customers and market share

The physical properties of aluminium make it suitable for a wide range of applications in many industries. Century has in the past concentrated on supplying the architectural, home improvement, general engineering and metal stockholding markets, but there is also significant demand for extrusions in the road transport and domestic appliance industries. The directors estimate that the market for aluminium extrusions in the UK served by Century amounted to approximately 150,000 tonnes in 1983, of which some 16,000 tonnes was supplied by Century. The volumes processed by Century have grown in each of the five years ended 31st December, 1983, reflecting improvements in production and labour efficiencies, which have substantially increased capacity and output, and its enhanced reputation for quality. Century's principal competitors are subsidiary companies or divisions of major aluminium smelters, and as the largest independent supplier in the UK, Century is well placed to take advantage of the recent rationalisation in the industry which resulted in a number of smaller, less efficient competing manufacturing units being closed.

Purchasing

Century's requirements for aluminium billet are purchased from five principal suppliers with which the group has long-term agreements, at prices which are negotiated each quarter. The group also makes spot purchases as appropriate which gives it additional flexibility in its purchasing ability.

Metal finishing

Products and customers

The metal finishing activities of the group are primarily carried out by **Leavlite**, which was acquired in 1980 and is engaged in anodising, electrophoretic painting, and the addition of a thermal break to aluminium extrusions. Leavlite supplies a nationwide service to aluminium extruders and manufacturers of home improvement and architectural products. Sales in 1983 were £4m representing the processing of about 8,000 tonnes of aluminium extrusions, from which operating profit before central costs of £0.8m was earned. Leavlite also formulates and manufactures electrophoretic paints, and designs and manufactures sophisticated plant for its own use and for sale to the metal finishing industry.

During 1983 Leavlite installed a fully automatic electrophoretic paint line which finishes aluminium extrusions for domestic applications, principally window frames and patio doors. It has also recently installed a powder coating line for the specialist architectural market. Both lines are based at Tamworth, Staffordshire, and the directors believe that their relatively low labour requirement makes them the most efficient plants of their kind in Europe. Paint used in Leavlite's electrophoretic plants was developed by a subsidiary and the high quality of the finish obtained by the use of this product is now securing third party sales both for the finished product and the paint itself. Thermal break operations developed during the past three years have also made a contribution to profit and servicing this market has become an important part of Leavlite's activities.

Market share

Leavlite has achieved significant growth in turnover and profit since its acquisition by the group, and the directors believe that Leavlite is able to offer the most comprehensive range of metal finishes available in the UK, and that it is the UK market leader in metal finishing technology with approximately 30 per cent. of the market for electrophoretic painting and 10 per cent. each of the bronze anodising and thermal breaking markets.

Merchanting activities

The merchanting activities of the group comprise the group's activities as a stockholders' stockist, and as a metal trader on the London Metal Exchange as principal and as agent for third parties.

Stockholding

The group's business as a stockholders' stockist is carried out by **AWS**, which achieved sales of £8m in 1983. AWS purchases stainless bar, sheet and valve steel from mills located primarily in Europe and from other sources as necessary in order to achieve favourable prices and availability. AWS also acts as UK representative for certain overseas producers. Metals are sold principally to third party stockholders from the group's forward order positions and from physical stocks held at AWS's warehouse in Sheffield and at public warehouses in the UK and Holland. Over the last few years the AWS group has expanded its outlets geographically and new sales outlets have been established in Holland, South Africa, Australia and West Germany. The directors believe that AWS has a high share of the UK market in certain specialised products such as valve steels.

The metal trading activities of the group are carried out by **AWM** and by **Amari International**, and achieved a turnover of £21m in the year ended 31st December, 1983. AWM conducts physical purchases and sales of molybdenum, nickel and occasionally other metals, as well as utilising the London Metal Exchange on behalf of a third party, which activity accounted for £7m of turnover in 1983. The objective of Amari International's activities is to hedge against price fluctuations in those metals in which the group is active, and in particular in relation to the aluminium billet requirements of the Century group. Forward exposure on non-ferrous metal trading positions is subject to carefully controlled limits which are very low in relation to the group's annual physical sales. Speculative gains or losses have therefore been insignificant in relation to the group's results.

Home improvements

The home improvements division, which achieved turnover of £3m in the year ended 31st December, 1983, comprises a supplier of aluminium window and door kits to home improvement installers, trading successfully under the name **Adeptal**, and a manufacturer of quality hardwood windows and sub-frames supplying window replacement companies and housebuilders, trading under the name **Metalu**.

The home improvements market represents an important outlet for Century's aluminium extrusion and Leavlite's metal finishing businesses. Between 1979 and 1981 the group established three subsidiaries in order to obtain a more significant role in this market, both as a supplier of windows and doors in kit and finished form and as a supplier and installer of home insulation. Whilst this diversification represented a logical strategy for the group, trading losses were incurred due to the deterioration of the market at that time and the lengthy period needed to design and market a complete product range, with consequentially high overheads in relation to sales volumes. In view of the trading losses incurred, action was taken which has resulted in the discontinuance of certain activities and the streamlining of the whole of the home improvements division.

The share capital of Adeptal is under option to its management as described in paragraph 11(g)(iv) under "Statutory and general information" below.

DIRECTORS, MANAGEMENT AND EMPLOYEES

Directors

The directors of Amari were all appointed to the board of Amari in September 1983 with the exception of the Chairman who was appointed in November 1983.

Details of the directors are set out below.

Michael Ward Thomas, aged 58, is non-executive Chairman. His working life has been spent with the Selection Trust group (now BP Minerals International). He was a director of Selection Trust Limited from 1968 to 1982 and a non-executive director of Charter Consolidated PLC from 1972 to 1981. Mr. Ward Thomas has been associated with Amari since 1973 and was Chairman of Amari International from 1975 to December 1983.

Jon Pither, aged 50, is Managing Director of Amari and Chairman and Managing Director of Amari International. After graduating from Cambridge University he worked as a management consultant, in which capacity he joined the group in 1965. He was appointed Managing Director of Amari International in 1969. He is President of the Aluminium Federation.

Brenda Langley, aged 35, is Finance Director. After graduating from Liverpool University, she qualified as a chartered accountant with Arthur Andersen & Co, joined the group in 1975 and was appointed financial controller shortly thereafter. She was appointed Finance Director of Amari International in 1981.

Roy Merrington, aged 52, is responsible for the group's metal finishing activities and is Managing Director of Leavlite. He has been involved with the metal finishing industry throughout his working life and in 1966 was a co-founder of Leavlite, which was acquired by Amari International in 1980. He was appointed to the board of Amari International in 1982.

Alex Miller, aged 52, is responsible for the group's metals stockholding activities and is Managing Director of Aalco. After graduating from Glasgow University and obtaining a Diploma of Business Administration at the University of Geneva, he had a marketing career with Alcan prior to joining the group as Managing Director of Aalco in 1972. He was appointed to the board of Amari International in 1974.

Keith Piggott, aged 40, is responsible for the group's plastics stockholding activities and is Managing Director of Amari Plastics. He joined the group as a management trainee in 1967 and has been Managing Director of Amari Plastics since it commenced trading in 1976. He was appointed to the board of Amari International in 1981.

Chris Romer, aged 43, is responsible for the group's metal processing activities and is Managing Director of Century. He joined Century when it commenced business in 1970, following several years' industrial and stockholding experience, and was appointed Managing Director in 1980. He was appointed to the board of Amari International in 1981.

Keith Winterton, aged 40, is Managing Director of AWS. He joined the group in 1972 after several year's experience in the steel industry in the UK and overseas and with a company associated to a member of the London Metal Exchange. He was appointed to the board of Amari International in 1979.

Management

The group has an experienced team of senior managers, the majority of whom have been with the group for a number of years. Their names, ages and lengths of service are set out below under "Senior management".

Managers retain considerable authority, within strict financial limits, to act as entrepreneurial businessmen. Within the stockholding and distribution operations, each branch operates as an autonomous unit, recognised in most cases by trading as a separate subsidiary company of the group. In addition to the motivation of taking a direct part in running a distinct business, branch and subsidiary managers and their staff are able to achieve what can be a significant element of their remuneration by reference to the profitability of the operations for which they are responsible. The directors believe that the group's style of management provides an atmosphere of controlled autonomy which encourages entrepreneurial attitudes and motivation at branch and subsidiary level.

Employees

As at 31st March, 1984 the group employed a total of some 1,400 staff. Set out below is an analysis of staff by both activity and function.

	Sales	Production	Warehouse/distribution	Managerial	Technical/professional and support	Total
Stockholding	233	31	228	57	151	740
Metal processing and finishing	36	418	—	15	72	542
Merchanting activities	8	—	3	6	10	27
Home improvements	12	35	—	6	12	65
Head office	—	—	—	7	19	26
	289	484	231	122	264	1,400

Some 340 production employees are members of trade unions.

The directors believe that the relationship between staff and management is very good and employees are encouraged to take a positive interest in group activities. Formal training is organised internally covering existing and new products, as well as externally in sales, management and financial skills. Management at all levels meet regularly in order to encourage group involvement and to exchange information regarding new market and product initiatives.

Pension and health insurance schemes

Most UK full time employees over 21 and under 55 with more than six months' service, are eligible to participate in one of the group's pension schemes, which also provide members with free life assurance and permanent health insurance. The funds of these schemes are sufficient to meet their accrued liabilities.

Employee profit sharing scheme and executive share option scheme

The directors intend to introduce with effect from 1st January, 1985 an employee profit sharing scheme under the provisions of the 1979 Finance Act, to which all full time employees with a minimum period of employment will be entitled to belong. No allocation will be made under the scheme in respect of profits for the current financial year. The Company has also approved an executive share option scheme in order to enable it to continue to attract and retain senior employees of ability. No options will be granted until after publication of the results of the group for the year ending 31st December, 1984. A summary of the terms of both schemes, which are subject to approval by the Inland Revenue, are set out in paragraph 6 of "Statutory and general information" below.

SHAREHOLDINGS

In October 1983 the directors and some 250 employees, including all key managers, subscribed for shares in Amari in order to finance the continuation of negotiations with BP for the purchase of Amari International, and subsequently subscribed further monies in order to complete the transaction.

Immediately prior to this Offer for Sale the directors and employees held 10,000,000 Ordinary Shares, representing 52 per cent. of the issued ordinary share capital, the balance being held by County Bank Limited, Investors in Industry plc, Moracrest Finance Limited and The County Council of West Midlands Superannuation Fund. The directors and employees have agreed that 2,499,961 and 5,000,000 of their Ordinary Shares be designated 'A' and 'B' Employee Ordinary Shares respectively. These rank pari passu in all respects with the Ordinary Shares save that no immediate listing is being sought for them and they may only be transferred amongst employees and their families.

The 'A' and 'B' Employee Ordinary Shares will be redesignated as Ordinary Shares, for which a listing will be sought, immediately following the respective Annual General Meetings at which the accounts of the group for each of the years ended 31st December, 1984 and 31st December, 1985 are presented to shareholders (expected to be in May 1985 and May 1986). The directors believe that this demonstrates the continuing commitment of employees to the success of the group.

The table below shows how the ordinary share capital of the Company is held immediately prior to and following this Offer for Sale.

Prior to the Offer for Sale: Ordinary Shares '000		Following the Offer for Sale: Employee Ordinary Shares '000	Ordinary Shares '000	Total '000	Percentage holding %
3,007	Directors	2,278	551	2,829	9.7
6,963	Employees	5,222	655	[illegible]	21.4
9,210	Existing institutional shareholders	—	7,809	7,809	27.0
—	Public	—	12,164	12,164	41.9
19,210		7,500	21,512	29,012	100.0

As part of the Offer for Sale the directors and employees are selling 5 and 11 per cent. of their respective existing holdings, and the existing institutional shareholders are selling 15 per cent. of their existing holdings.

PREMISES

The administrative headquarters of the group are at Kingston upon Thames, Surrey, where it also has central purchasing and dispatch facilities. The group has 60 principal operating locations of which 17 are freehold and long leasehold, the table below analyses the group's premises by location and activity.

	Number of locations		
	UK	Overseas	Total
Metals and plastics stockholding	34	8	42
Metal processing and finishing	10	—	10
Other	7	1	8
	51	9	60

Further details of the group's premises are set out in paragraph 4 of "Statutory and general information".

FINANCIAL INFORMATION

Trading record

The table below summarises the results of the continuing activities of the group for the five years ended 31st December, 1983, further details of which are set out in paragraph 2 of the Accountants' report.

	Years ended 31st December				
	1979 £m	1980 £m	1981 £m	1982 £m	1983 £m
Turnover					
Metals and plastics stockholding	48.6	47.4	48.2	63.0	81.4
Metal processing and finishing	12.9	14.4	15.8	19.3	22.5
Merchanting activities	9.1	20.5	27.7	25.0	29.0
Home improvements	—	0.2	0.7	2.3	3.2
	70.6	82.5	90.4	109.6	136.1
Profit (loss) before interest and taxation					
Metals and plastics stockholding	2.5	2.1	1.1	2.6	4.1
Metal processing and finishing	0.6	(0.3)	0.1	1.4	1.6
Merchanting activities	0.3	0.3	0.3	0.5	0.3
Home improvements	(0.1)	(0.3)	(0.4)	(0.5)	0.1
Central costs	(0.3)	(0.5)	(0.6)	(0.6)	(1.3)
	3.0	1.3	0.5	3.3	4.8
Net interest payable	0.8	1.0	1.3	1.8	1.5
Profit (loss) before taxation	2.2	0.3	(0.8)	1.5	3.3

The principal component of the increase in turnover over the five years ended 31st December, 1983 has been the growth of the group's metals and plastics stockholding and distribution activities. In particular, the volume of products sold has grown strongly since 1981, reflecting the recovery in UK industrial activity, the growth in the Aalco group's market share, the extension of its range of products and the increase in the number of its outlets in the UK and overseas. During the period fluctuations in raw material prices have been reflected in the selling prices achieved by the group.

The results for 1979 were achieved against a relatively buoyant background for the metal using industries. It was followed by the commencement of the recession in 1980, the full effects of which were felt by the group in 1981. In particular the volume of sales achieved by the stockholding activities fell although sales margins were maintained. Metal processing volumes were maintained but margins fell sharply. The Adeptal and Metalu operations of the home improvements division were in the process of establishment in 1980 and 1981 and reported losses, as a result of which central funding costs also rose on monies required to finance these losses and those of the home improvement activities that have since been discontinued.

In 1982, the results of the stockholding activities reflected a recovery in sales volumes and the benefits of steps taken in 1980/81 to contain overheads and improve efficiency in these activities. Metal processing margins and contributions improved as a result of industrial recovery and of the measures taken by management to improve production and labour efficiencies. The home improvements division recorded continued losses and was significantly streamlined in 1982 and subsequently.

The improving trend continued in 1983 as sales volumes in the stockholding activities increased, reflecting the benefit of extending the range of products distributed, the establishment of new outlets and the growth in the group's market share. The overseas distribution activities made a worthwhile contribution as they became more established. The finishing activities of the group performed strongly as a result of newly installed production lines and diversification. Overall results were affected by an increase in central costs primarily being provisions of some £0.5 million against losses caused by the closure of an associated company, Pipe-Chem (Holdings) Limited.

Profit forecast

On the basis of unaudited management accounts to 31st May, 1984, subsequent management information and the assumptions set out in paragraph 1 of the further information under "Profit forecast" below, the directors forecast that, in the absence of unforeseen circumstances, the profit before taxation of the group for the year ending 31st December, 1984 will be not less than £5.4m.

Net tangible assets, borrowings and working capital

The net tangible assets of the group at 31st December, 1983 were £13.7m. After taking into account the estimated net proceeds of the Offer for Sale attributable to the Company of £7.0m, after redemption at par of its existing £3,079,000 redeemable preference shares, pro forma net tangible assets as at that date would have been £20.7m, equivalent to 71p per Ordinary Share.

At 31st December, 1983 the group had net borrowings of £11.1m. After taking into account the net proceeds of the issue, pro forma borrowings would have been £4.1m, representing a gearing ratio of 0.2 to 1.

The working capital requirements of the group are substantially reduced by the relatively high rate of stock turn that it achieves (over 4 times in the group's stockholding activities in 1983) and by its terms of trade which broadly allows the group's debtors to be financed by its trade creditors. Whilst group turnover rose by £65m between 1979 and 1983, the group was able to finance its working capital requirements from retained profits. The group obtains credit insurance for substantially the whole of its debtors.

The directors are of the opinion that, taking account of available bank and other facilities and the net proceeds of the Offer for Sale receivable by the Company, the group will have sufficient working capital for its present requirements.

Earnings per share, price earnings ratios and dividends

Earnings per share

On the basis of the profit forecast, earnings per share in respect of the year ending 31st December, 1984 would be 12.5p on the basis of an estimated tax charge of 40 per cent. On the basis of a notional full tax charge of 46.25 per cent., earnings per share would be 11.2p.

The calculations of earnings per share are based on the respective profits after taxation and estimated minority interests and on 25,050,000 shares, being the weighted average number of Ordinary Shares which will have been in issue in the current financial year.

Price earnings ratios

At the Offer for Sale price of 110p per Ordinary Share, the price earnings ratio is 8.8 times after an estimated tax charge of 40 per cent., and 9.8 times on the basis of a notional full tax charge of 46.25 per cent.

Dividends

Dividends totalling £212,500 will be paid on redemption of the Company's Cumulative Redeemable Preference Share capital immediately following this Offer for Sale and dividends totalling £306,000 have been paid on the existing Ordinary Shares, calculated down to the date of listing.

The Ordinary Shares being offered for sale will rank in full for all dividends hereafter declared, made or paid on the ordinary share capital of the Company. In the absence of unforeseen circumstances, the directors intend to recommend a dividend of 2.4p per Ordinary Share (3.43p including the associated tax credit) in respect of the year ending 31st December, 1984, payable as to an interim dividend of 1.0p in November 1984 and a final dividend of 1.4p in May 1985.

In a full year in which a level of profits similar to that forecast for the year ending 31st December, 1984 are earned, the directors would expect to recommend dividends totalling 4.8p per Ordinary Share (6.86p including the associated tax credit) payable as to an interim dividend of 2.0p in November and a final dividend of 2.8p in May. On the basis of an estimated tax charge of 40 per cent. this level of dividends would be covered 2.6 times.

REASONS FOR AND PROCEEDS OF THE ISSUE

The directors believe that they and group employees including all key managers, demonstrated personal commitment to the success of the group in purchasing it from BP in 1983, and that it is now appropriate to introduce further shareholders in order to strengthen the group's equity base for future expansion. Flotation will reinforce the group's position in the UK and overseas as a major independent metals and plastics business. When the Company is listed on The Stock Exchange its enhanced status will assist in dealings with its suppliers.

Of the 12,163,810 Ordinary Shares now being offered for sale, 9,800,000 are new shares being issued by the Company and 2,363,810 are being sold by existing holders. The new shares will realise £10.1m after expenses of this Offer for Sale, of which £3,079,000 will be used to redeem at par the existing Cumulative Redeemable Preference Shares. The balance of £7.0m, equivalent to some 51 per cent. of the shareholders' funds as at 31st December, 1983, will be used initially to reduce borrowings and in the medium term as described under "Prospects" below.

PROSPECTS

The group has developed a strong position in its key markets and it already meets the requirements of a broad range of local customers in the UK and increasingly overseas. This has been achieved through a significant expansion of the range of materials distributed by the group, growth in the number of its outlets, and by the identification, development and motivation of management and the encouragement of entrepreneurial attitudes at local level.

The directors intend to expand further the number of outlets in the UK and overseas, in particular in North America, where its existing outlets have demonstrated that the group's strategy of sourcing internationally and distributing locally can be applied successfully. The range of products handled by the group will continue to be developed as suitable opportunities are identified. The directors believe that the profit effect of such geographic expansion and additional products will be substantial, and that the steps taken in recent years to broaden the base of the group's business in this way provide a sound basis for future growth.

The current financial year has started well and the directors are forecasting a substantial increase in profit for the year as a whole. The directors are confident that the strategies they have adopted will ensure that the group continues to develop profitably in the future.

SENIOR MANAGEMENT

STOCKHOLDING

Aalco group of companies

United Kingdom branch management

		Age	Years of service
[illegible]	C Morrison	45	4
[illegible]	W M Bristow	59	11
[illegible]	F S Hirst	37	11
Cardiff	W C T Dean	31	8
[illegible]	[illegible]	29	7
[illegible]	[illegible]	[illegible]	10
[illegible]	[illegible]	[illegible]	[illegible]
Edinburgh	P G [illegible]	40	14
[illegible]	[illegible]	35	1
[illegible]	P Marsh	[illegible]	4
[illegible]	[illegible]	[illegible]	3
[illegible]	C J Hewey	[illegible]	15
[illegible]	[illegible]	35	9
[illegible]	G Stephen	35	7
Luton	P W Lyon	26	9
[illegible]	D G Lee	59	9
Norwich	L J Gent	36	11
[illegible]	J [illegible]	33	9
[illegible]	F [illegible]	40	3
[illegible]	C [illegible]	34	4
[illegible]	R G [illegible]	38	7
[illegible]	[illegible]	[illegible]	15
[illegible]	[illegible]	30	11
[illegible]	L Bird	44	11
[illegible]	[illegible]	42	11
[illegible]	[illegible]	41	2
[illegible]	[illegible]	40	3
Stainless Steel Finishers	D O Goodseed	36	11

Overseas management

		Age	Years of service
Canada	M [illegible]	37	1
[illegible]	K Bell	23	2
Germany	H [illegible]	[illegible]	10
Holland	C Geling	61	5
[illegible]	J Alsop	41	3

Aalco regional and central management

	Age	Years of service
V A Tyler Wood	36	10
M D Munsie-East	44	11
D N [illegible]	47	15
T M Matts (Scotland)	45	11
N D MacGregor	35	15
R Howarth	34	6
B Mitchell	33	3
D [illegible]	36	[illegible]
F R Murray non-executive	46	1

Amari Plastics

Branch management

		Age	Years of service
Barking	G J McLeod	36	6
Birmingham	B Wade	47	6
London	B Trulock	45	3
Oldham	M Rackish	50	5
Solent	A C Buckley	45	2

Group management

	Age	Years of service
M J Coire	64	9
A M Nono ACCA	38	7

METAL PROCESSING AND FINISHING

Century Aluminium Company Limited

Group sales and management

	Age	Years of service
A D Avery	50	7
M Burdon	41	9
J H Bunting	39	7
[illegible]	41	14
D J Hogan ACCA	28	3
[illegible]	58	4
[illegible]	37	13
[illegible]	33	2
J V [illegible]	34	7
A [illegible] ACMA	30	3

Plant management

		Age	Years of service
Sanquhar	A Plant	36	14
	L R Lumbie	31	4
	J D Mackenzie	43	14
Birtley	J Thomas	37	8

Leavlite Limited

Group sales and management

	Age	Years of service
P L [illegible]	46	4
J Gunn	53	2
J T Hudson	45	5
M A [illegible]	45	10
C Heril	56	13
J Dyson	39	15

Subsidiaries' management

		Age	Years of service
Adjusteel	D Pulera	48	5
	T Eley	46	5
Leavlite Electropaint	S Dutton	32	10
	R Hall	49	14
	G Vaughan	40	15
	B [illegible]	43	2
Leavlite Industrial Finishes	A Haddock	46	15
Lev Coatings	R Lanes	30	5
Metsol	W Dorey	50	5

MERCHANTING ACTIVITIES

Amari World Steel (Holdings) Limited

Group sales and management

	Age	Years of service
P H Birkin	42	8
F R Richardson FCA	46	7
N [illegible] Thompson	32	6
D Gilbert	39	7

HOME IMPROVEMENTS

Adeptal Systems Limited

	Age	Years of service
J V H Lowes Managing Director	46	2
R J Heath	37	2
D Shaw	37	2

Metalu Hardwood Frames Limited

	Age	Years of service
R Flux, Managing Director	40	4

AMARI GROUP HEAD OFFICE

	Age	Years of service
N Brecans FCA	33	8
C J Tarrant FCIS	39	9
B A King ACA	27	2
J A Oakes ITCA	26	1
D E Fryers	48	4
G N Sanders ACA	25	1

ACCOUNTANTS' REPORT ON THE GROUP

The following is a copy of a report to the directors of Amari PLC and to Samuel Montagu & Co. Limited from Ernst & Whinney, Chartered Accountants, the reporting accountants.

The Directors,
Amari PLC.

and

The Directors,
Samuel Montagu & Co. Limited

Becket House,
1 Lambeth Palace Road,
London SE1 7EU

11th July, 1984

Gentlemen,

Amari PLC ("Amari") was incorporated as a public limited company on 19th July, 1983. On 8th December, 1983 Amari acquired the whole of the issued share capital of Amari International PLC ("Amari International") for cash from The British Petroleum Company plc. In the consolidated profit and loss accounts set out below we make no distinction between the profits and losses attributable to Amari and its subsidiaries and those attributable to Amari International and its subsidiaries, and we describe both Amari and its subsidiaries and Amari International and its subsidiaries as "the group" throughout this report.

We have reviewed the audited accounts of Amari for the period from incorporation to 31st December, 1983 and of Amari International and its subsidiaries for the five years ended 31st December, 1983. These accounts have been prepared under the historical cost convention, modified by the revaluation of freehold and long leasehold properties, and have been audited in the case of Amari by ourselves and in the case of Amari International and its subsidiaries by Dearden Farrow, Chartered Accountants, for the two years ended 31st December, 1980 and by ourselves for the three years ended 31st December, 1983. During the two years ended 31st December, 1980 the accounts of certain subsidiaries and related companies of Amari International were audited by other firms.

The accounts for the two years ended 31st December, 1981 have been adjusted to eliminate the results and net assets attributable to Hudsons Offshore Holdings Limited and its subsidiaries ("the Hudsons group"), which became a wholly owned subsidiary of Amari International on 1st January, 1980 and was disposed of on 19th March, 1982. The Hudsons group was engaged in freight forwarding and transport and it was included within the group for accounting and organisational reasons only and was not within the management control of the group. The consideration of £1,526,753 for the acquisition of the Hudsons group was settled by the issue at par of 6,107,012 ordinary shares of 25p each in Amari International. The issued share capital of the Hudsons group was sold for £100,000 after expenses and the loss on disposal was treated as an extraordinary item by Amari International during the year ended 31st December, 1981.

The financial information set out below under the heading of "Historical Cost Accounts" is derived from the audited accounts of the group, after making such adjustments as we consider appropriate. In our opinion this information gives, on the basis of the accounting convention stated above, a true and fair view of the results and source and application of funds of the group for the five years ended 31st December, 1983 and of the state of affairs of Amari and of the group at 31st December, 1983.

We have also examined the abridged supplementary current cost accounts of the group for the two years ended 31st December, 1983 set out below under the heading "Current Cost Accounts", which have been prepared under the current cost convention in accordance with Statement of Standard Accounting Practice number 16 ("SSAP 16"). In our opinion these statements have been properly prepared in accordance with the requirements of SSAP 16.

No audited accounts have been prepared for the group for any period subsequent to 31st December, 1983.

HISTORICAL COST ACCOUNTS

1. ACCOUNTING POLICIES

The accounts are drawn up under the following accounting policies, which have been consistently applied in arriving at the financial information set out in this report.

(i) Accounting convention

The accounts are prepared under the historical cost convention modified by the revaluation of freehold and long leasehold properties.

(ii) Basis of consolidation

The consolidated profit and loss accounts reflect trading for the period. The results of subsidiaries acquired are included from the effective date of acquisition, and of newly formed subsidiaries from the date on which trading commences. Goodwill arising on the acquisition of subsidiaries is written off against reserves in the year of acquisition. Capital reserves arising on the acquisition of subsidiaries are credited to reserves in the year of acquisition.

(iii) Related companies

Investments in related companies are stated at the group's share of the underlying net asset values.

(iv) Turnover

Turnover is the amount invoiced for goods and services supplied, exclusive of VAT.

(v) Depreciation of tangible fixed assets

Depreciation of tangible fixed assets is provided at rates calculated to write off the cost or valuation of the assets over their estimated effective lives in equal annual instalments as follows:

Motor vehicles	— 25 per cent. to 33⅓ per cent.
Plant and equipment	— 10 per cent. to 33⅓ per cent.
Freehold buildings and long leasehold property	— 2 per cent.

(vi) Stocks

Stocks are valued at the lower of cost or net realisable value. Stocks of manufactured goods and work in progress are valued at cost including overheads directly attributable to the cost of production. Cost is arrived at by using the first in first out basis.

(vii) Deferred taxation

Provision is made for deferred taxation using the liability method except where it is considered that no liability will arise in the foreseeable future.

(viii) Government grants

All government grants on capital expenditure are accounted for by reducing the cost of the assets concerned.

(ix) Foreign currencies

Assets and liabilities of overseas subsidiaries are translated into sterling at rates prevailing at the balance sheet date. Exchange differences arising are dealt with as part of operating profit. Foreign currency transactions by UK companies are recorded at the rate ruling at the settlement date.

2. CONSOLIDATED PROFIT AND LOSS ACCOUNTS

The summarised consolidated profit and loss accounts of the group for each of the five years ended 31st December, 1983 are as follows:

	Notes	1979 £000	1980 £000	1981 £000	1982 £000	1983 £000
Turnover	(i)	70,594	82,556	95,442	109,558	136,071
Cost of sales and overheads	(ii)	67,571	81,187	89,951	106,294	131,229
Operating profit	(i)	3,013	1,349	498	3,264	4,842
Net interest payable	(iii)	847	1,032	1,303	1,760	1,568
Profit (loss) on continuing activities before taxation		2,166	317	(505)	1,504	3,274
Taxation charge (credit)	(iv)	(325)	28	(303)	160	1,384
Profit (loss) on continuing activities after taxation		2,491	289	(502)	1,344	1,890
Profit (loss) on discontinued activities after taxation	(v)	15	(259)	(841)	(1,441)	(356)
Profit (loss) after taxation		2,506	30	(1,343)	(97)	1,534
Extraordinary items	(vi)	—	—	182	—	148
Profit (loss) after extraordinary items		2,506	30	(1,525)	(97)	1,386
Minority interests		47	21	5	92	87
Retained profits (losses)		2,459	9	(1,530)	(189)	1,299
Earnings (loss) per share on continuing activities	(viii)	11.1p	1.2p	(2.3)p	5.7p	8.2p

Notes on the consolidated profit and loss accounts

(i) Turnover and operating profits

The analysis of turnover between activities and markets is as follows:

	1979 £000	1980 £000	1981 £000	1982 £000	1983 £000
Metals and plastics stockholding	48,541	41,422	46,225	62,963	81,361
Metal processing and finishing	12,926	14,410	15,908	19,257	22,506
Merchanting activities	9,096	20,479	27,697	25,028	29,031
Home improvements	21	165	119	2,300	3,173
	70,584	82,556	90,449	109,558	136,071
United Kingdom	64,713	74,965	83,753	97,232	117,724
[illegible]	5,871	7,465	5,479	9,645	12,850
[illegible]	—	106	1,217	2,631	5,497
	70,584	82,536	90,449	109,558	136,071

The contribution to operating profit by each activity is as follows:

	1979 £000	1980 £000	1981 £000	1982 £000	1983 £000
Metals and plastics stockholding	2,452	2,108	1,131	2,618	4,147
Metal processing and finishing	574	(311)	114	1,390	1,551
Merchanting activities	334	293	279	471	340
Home improvements	(50)	(284)	(412)	(592)	84
Central costs and overheads	(297)	(457)	(614)	(623)	(1,280)
	3,013	1,349	498	3,264	4,842

(ii) Cost of sales and overheads

Cost of sales and overheads comprises:

	1979 £000	1980 £000	1981 £000	1982 £000	1983 £000
Change in stocks	(3,232)	3,260	(2,111)	(2,084)	(5,340)
Raw materials and consumables	61,790	66,292	77,028	91,002	115,338
Directors' remuneration	129	155	212	276	308
Compensation to a director for loss of office	—	—	—	13	—
Staff costs	4,739	5,400	6,992	8,564	11,591
Audit fees	60	72	96	123	119
Hire of equipment	85	473	300	441	519
Depreciation	501	624	673	938	1,107
Other operating costs	2,404	5,022	6,765	7,194	7,091
Compensation received	—	—	—	(227)	—
Losses (profits) of related companies	95	(101)	(69)	56	436
	67,571	81,187	89,951	106,294	131,229

The compensation of £227,000 received relates to an option held by Aman World Steel Limited to acquire the whole of the issued share capital of a company operating as a steel trader, which was not exercised.

(iii) Net interest payable

Net interest payable comprises interest in respect of:

	1979 £000	1980 £000	1981 £000	1982 £000	1983 £000
Bank loans and overdrafts repayable within five years	908	1,132	1,344	1,925	1,619
Other loans	76	11	14	7	56
	984	1,143	1,358	1,932	1,675
Interest receivable	(137)	(111)	(55)	(172)	(107)
Net interest payable	847	1,032	1,303	1,760	1,568

(iv) Taxation charge (credit)

The charge (credit) for taxation, based on profits for the financial years, comprises:

	1979 £000	1980 £000	1981 £000	1982 £000	1983 £000
Current taxation					
UK Corporation tax	3	—	40	25	839
Amounts receivable in respect of group relief surrendered	(356)	—	—	—	(13)
Share of related companies tax	—	—	34	16	—
Overseas taxation	—	—	5	15	178
	(353)	—	79	56	1,004
Deferred taxation:					
Capital allowances and all other timing differences	28	28	(382)	104	380
	(325)	28	(303)	160	1,384

The amount receivable in respect of group relief surrendered in the year ended 31st December, 1979 represents an amount receivable by the group from its former holding company equivalent to 52 per cent. of the tax losses surrendered for that year. In the year ended 31st December, 1980 tax losses amounting to some £1.8 million were surrendered to The British Petroleum Company plc and its subsidiaries for which no payment was received.

The charges for taxation in each of the five years ended 31st December, 1983 have been reduced by accelerated capital allowances, stock relief and other timing differences and by the utilisation of tax losses brought forward, as follows:

	1979 £000	1980 £000	1981 £000	1982 £000	1983 £000
Capital allowances, stock relief and other timing differences	1,500	500	400	500	450
Losses brought forward	—	—	—	350	1,000

(v) Profit (loss) on discontinued activities after taxation

The turnover and profit (loss) after taxation attributable to discontinued activities of the group were as follows:

	1979 £000	1980 £000	1981 £000	1982 £000	1983 £000
Turnover	808	1,450	2,117	1,647	1,539
Cost of sales and overheads	754	1,669	2,833	2,815	1,881
Profit (loss) before interest and taxation	54	(219)	(716)	(1,168)	(343)
Net interest payable	5	38	125	273	13
Profit (loss) before taxation	49	(257)	(841)	(1,441)	(356)
Taxation charge	34	2	—	—	—
Profit (loss) on discontinued activities after taxation	15	(259)	(841)	(1,441)	(356)

The window manufacturing and home improvements activities of the group commenced in the year ended 31st December, 1980, but were substantially reorganised in July 1982 and subsequently by the closure of a number of locations. The profits and losses attributable to the parts of these and other activities now no longer carried by the group are disclosed separately in this report.

(vi) Extraordinary items

The extraordinary item in the year ended 31st December, 1981 represents a provision for the costs of closure of a discontinued activity. The extraordinary item in the year ended 31st December, 1983 represents an adjustment made to deferred taxation in order to take into account the provisions of the Finance Bill 1984.

(vii) Dividends

Neither Aman nor Aman International have paid dividends during the five years ended 31st December, 1983, other than a dividend of £12,000 paid by Aman International to Aman during the year ended 31st December, 1983. On 9th July, 1984 the following dividends were paid on the share capital of Aman.

	Amount per share	£000
Ordinary shares of £1	6.09p	61
Preferred Ordinary Shares of £1	26.48p	244
		305

Dividends totalling £212,493, representing a rate of 11 per cent. from the date of issue to 25th July, 1984, the intended date of redemption, are payable on the Cumulative Redeemable Preference shares of £1 each.

(viii) Earnings (loss) per share on continuing activities

Earnings (loss) per share on continuing activities have been calculated on the profit (loss) on continuing activities after taxation and after minority interests and on 22,009,090 Ordinary Shares, being the Ordinary Shares in issue at the date of this report together with the number of Ordinary Shares being issued to redeem the whole of the 11% Cumulative Redeemable Preference Shares of £1 each.

(ix) Movements on reserves

The amounts charged (credited) to reserves other than retained profits (losses), are as follows:

	1979 £000	1980 £000	1981 £000	1982 £000	1983 £000
Goodwill arising on the acquisition of subsidiaries	5	415	—	350	—
Goodwill eliminated on the disposal of subsidiaries	—	—	—	(64)	—
Surplus arising on the revaluation of properties	(278)	—	(109)	(35)	(905)

3. BALANCE SHEETS

The balance sheets of Aman and of the group at 31st December, 1983 are as follows:

	Notes	Aman £000	The group £000
Fixed assets			
Tangible fixed assets	(i)	—	10,126
Investment in subsidiaries	(ii)	13,890	—
Investments in related companies	(iii)	—	86
		13,890	10,212
Current assets			
Stocks	(iv)	—	22,469
Debtors	(v)	4	27,942
Cash at bank and in hand		11	1,341
		15	51,752
Total assets		13,905	61,964
Capital and reserves			
Called up share capital	(vi)	5,000	5,000
Reserves	(vii)	8,651	8,713
		13,651	13,713
Minority interests		—	322
Provisions for liabilities and charges	(viii)	—	856
Creditors (due after one year)	(ix)	—	3,369
Current liabilities (due within one year)			
Bank loans and overdrafts	(x)	—	9,119
Creditors	(xi)	254	34,565
		254	43,684
Total liabilities		13,905	61,964

Notes on the balance sheets

(i) Tangible fixed assets

Tangible fixed assets of the group are stated at cost or valuation less accumulated depreciation, as follows:

	Cost or valuation £000	Accumulated depreciation £000	Net book amount £000
Freehold property	5,921	2	5,919
Long leasehold property	1,802	—	1,802
Plant, equipment and vehicles	8,624	4,218	4,405
	14,347	4,221	10,126

The cost or valuation of freehold and long leasehold property comprises:

	Freehold property £000	Long leasehold property £000
At valuation in 1983	3,456	1,802
At cost	463	—
	3,921	1,802

Freehold and long leasehold properties are stated at valuation assuming existing use on an open market basis. Subsequent additions to properties shown at valuation are included at cost. The excess of property at valuation over the original cost amounts to £2,355,000.

(ii) Investment in subsidiaries

Investment in subsidiaries represents the net assets of Aman International and its subsidiaries at the date of acquisition by Aman.

(iii) Investments in related companies

Investments by the group in related companies represent:

	The group £000
Shares at cost	195
Loans	422
Less: Provisions and share of losses less profits	(532)
	86

(iv) Stocks

Stocks and of the group comprise:

	The group £000
Raw materials	2,241
Work in progress	780
Finished goods and goods for resale	19,448
	22,469

Certain stocks are the subject of reservation of title by the group's suppliers. This reservation is cancelled upon payment.

(v) Debtors

Debtors of Aman and of the group, all of which are due within one year, comprise:

	Aman £000	The group £000
Trade debtors	—	26,705
Other debtors	4	458
Prepayments and accrued income	—	779
	4	27,942

(vi) Called up share capital

The share capital of Aman at 31st December, 1983 comprised:

	Authorised £000	Allotted, called up and fully paid £000
Ordinary Shares of £1	1,100	1,000
Preferred Ordinary Shares of £1	921	921
11% Cumulative Redeemable Preference Shares of £1	3,079	3,079
	5,100	5,000

On 9th July, 1984 conditional upon the Ordinary Share capital of Aman being admitted to the Official List by the Council of The Stock Exchange, the share capital of Aman was reorganised and further issues of shares were made, as described in "Statutory and general information" of the prospectus dated 11th July, 1984. Assuming that the conditions described under the above-mentioned heading are satisfied, and that the 11 per cent. Cumulative Redeemable Preference Shares of £1 are redeemed out of part of the proceeds of issue of Ordinary Shares of 25p, the share capital of Aman will be:

	Authorised £000	Allotted, called up and fully paid £000
Ordinary Shares of 25p each	9,375	5,378
'A' Employee Ordinary Shares of 25p each	625	625
'B' Employee Ordinary Shares of 25p each	1,250	1,250
	11,250	7,253

(vii) Reserves

The reserves of Aman and of the group at 31st December, 1983 comprise:

	Aman £000	The group £000
Revaluation reserve	8,641	—
Capital reserve on consolidation	—	8,641
Retained profits	10	77
	8,651	8,713

The revaluation reserve represents the difference between the amount at which the investment in Aman International is shown in Aman's balance sheet and the costs of acquisition. The capital reserve on consolidation represents the difference between the net assets of Aman International and its subsidiaries at the date of acquisition by Aman and the costs of acquisition.

On 9th July, 1984, an amount of £2,881,000 of the revaluation reserve was capitalised by way of bonus issues to holders of the Ordinary Shares of £1 each.

(viii) Provisions for liabilities and charges

Deferred taxation comprises tax in respect of:

	The group £000
Accelerated capital allowances	1,082
Other timing differences	(98)
Tax losses	(128)
	856

The full potential amount of deferred taxation at 31st December, 1983, taking into account the provisions of the Finance Bill 1984, comprises tax in respect of:

	The group £000
Accelerated capital allowances	1,082
Other timing differences	(98)
Tax losses	(128)
Unrealised capital gains	609
Capital losses	(87)
	1,378

The group has unrelieved tax losses not accounted for estimated at approximately £1 million which are available to set against future income.

(ix) Creditors (due after one year)

Creditors due after one year comprise:

	The group £000
Medium term loans—secured	3,000
Other loans—secured	369
	3,369

The medium term loans, which bear interest at a rate related to LIBOR, are repayable by half-yearly instalments of £187,500 commencing in 1985. An amount of £1,125,000 will be paid within five years of the balance sheet date and £1,875,000 after five years. The amount of the other loans repayable after five years is £152,000.

(x) Bank loans and overdrafts

Bank loans and overdrafts of the group at 31st December, 1983 include secured borrowings of £7,993,000 and unsecured borrowings of £1,126,000.

(xi) Creditors (due within one year)

Creditors of Aman and of the group at 31st December, 1983 are as follows:

	Aman £000	The group £000
Trade creditors	4	25,832
Corporation tax	—	1,035
Other taxation and social security	—	3,119
Other creditors and accruals	250	2,576
Bills of exchange due to trade creditors	—	2,003
	254	34,565

(xii) Commitments

Capital and financial commitments of the group at 31st December, 1983 comprise:

	£000
(a) Capital	
Contracted	83
Authorised but not contracted	1,980
	2,063

(b) Financial

At 31st December, 1983, the group had outstanding lease commitments payable as follows:

	£000
Within one year	469
Within two years	287
Within three years	160
Thereafter	89
	1,005

(xiii) Contingent liabilities

Aman International has guaranteed the bank overdraft facilities for certain subsidiaries to a limit of £8,913,000. At 31st December, 1983, £3,461,000 of these facilities had been utilised. In addition Aman International and its subsidiaries issue guarantees and performance bonds in the ordinary course of business in respect of normal trading agreements. None of these are expected to give rise to any liabilities to the group company.

(xiv) Pension [illegible]

[illegible]

(xv) Loans to directors

[illegible] by Aman, the group granted loans of £26,000 and £11,500 to [illegible] and Mr. A. [illegible] respectively. These loans, which were still outstanding at 31st December, 1983 [illegible]. These loans are currently interest free and not repayable [illegible] 31st December, 1983 the sum of £5,500 has been [illegible] repayment of the loan noted above. On 1st February, 1984 a loan of £[illegible] bearing interest at 4% per annum, repayable after [illegible] was made to an officer of the group in connection with the purchase of a [illegible].

4. STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

The sources and application of funds of the group for each of the five years ended 31st December, 1983 are as follows:

	Notes	1979 £000	1980 £000	1981 £000	1982 £000	1983 £000
Sources of funds:						
Profit (loss) on continuing activities before taxation		2,166	317	(505)	1,504	3,274
Extraordinary items, involving the movement of funds		—	—	(182)	—	—
		2,166	317	(687)	1,504	3,274
Adjustments for items not involving the movement of funds:						
Depreciation		501	624	679	936	1,107
Related company and other (profits) losses		96	(101)	(10)	56	436
Funds generated (absorbed) by continuing activities		2,763	840	(378)	2,496	4,817
Funds generated (absorbed) by discontinued activities	(iii)	73	(208)	(744)	(1,349)	(319)
Other sources:						
Bank and medium term loans		—	—	—	—	3,400
Disposal of interests in related and subsidiary companies		—	46	—	380	151
Disposal of tangible fixed assets		155	241	342	526	285
Receipts for group relief surrendered		211	519	356	—	—
		366	806	698	906	3,836
Total sources of funds		3,202	1,438	(424)	2,053	8,335
Funds applied:						
Purchase of tangible fixed assets		878	2,497	2,710	1,706	1,944
Repayment of loans		2,132	560	13	14	—
Acquisition of interests in, and loans to, related and subsidiary companies		536	1,032	771	236	383
		3,546	4,089	3,494	1,956	2,327
Movement in net working capital as set out below		(344)	(2,651)	(3,918)	97	6,008
Arising from movements in:						
Stocks		3,294	(3,303)	2,172	2,673	5,285
Debtors		6,424	(3,904)	2,770	4,609	4,562
Creditors		(7,979)	7,345	(4,738)	(6,336)	(10,334)
		1,739	138	204	945	(487)
Increase (decrease) in net liquid funds		(2,083)	(2,789)	(4,122)	(848)	6,495
		(344)	(2,651)	(3,918)	97	6,008

Notes on the statements of source and application of funds

(i) Acquisition of Aman International

The costs relating to the acquisition of Aman International of £249,000 are included under the heading "acquisition of interests in, and loans to, related and subsidiary companies". The proceeds of the issues of shares in Aman during the year ended 31st December, 1983, totalling £5,000,000, were utilised as consideration for the acquisition of Aman International and are therefore excluded from the above statement.

(ii) Issues of shares by Aman International

During the year ended 31st December, 1979, Aman International issued 7,600,000 Ordinary Shares of 25p each to its then parent company, Selection Trust Limited, and used the proceeds to repay certain borrowings from that company. During the year ending 31st December, 1982, a further 943,460 Ordinary Shares of 25p each were issued to provide the funds to reimburse Aman International for settling a claim in respect of a disputed purchase order on the Hudsons group. Neither of those share issues produced funds for the use of the group and they have been excluded from the above statements.

(iii) Funds generated (absorbed) by discontinued activities

Funds generated (absorbed) by discontinued activities comprise:

	1979 £000	1980 £000	1981 £000	1982 £000	1983 £000
Profit (loss) before taxation	49	(257)	(841)	(1,441)	(356)
Depreciation	24	43	97	92	38
	73	(206)	(744)	(1,349)	(318)

CURRENT COST ACCOUNTS

1. ACCOUNTING POLICIES

(a) General

The current cost accounts of the group have been prepared in accordance with Statement of Standard Accounting Practice No. 16 and, except as stated below, under the same accounting policies as those adopted for the historical cost accounts.

(b) Fixed assets and depreciation

The current replacement cost of fixed assets other than freehold and long leasehold properties has been derived by applying the relevant published indices to the historical cost of the assets. Freehold and long leasehold properties, which are included in the historical cost accounts at valuation, are stated in the current cost accounts at the same amounts.

The depreciation adjustment represents the difference between depreciation calculated on a replacement cost basis and depreciation charged in the historical cost accounts.

The adjustment in respect of fixed asset disposals represents the difference between the depreciated replacement cost and historical cost book value of assets at the date of disposal.

(c) Stocks and cost of sales adjustment

Stocks are stated in the balance sheet at the lower of estimated current replacement cost and net realisable value.

The cost of sales adjustment represents the difference between the estimated replacement cost and the historical cost of goods sold in the year. The adjustment has been calculated by estimating the cost of replacing stock at the time of sale using appropriate indices.

(d) Monetary working capital adjustment

The monetary working capital adjustment has been calculated using indices to reflect the changes in the monetary working capital requirements of the group arising from the effect of specific price changes on debtors and creditors.

(e) Gearing adjustment

The gearing adjustment represents the proportion of the current cost operating adjustments which can be regarded as having been financed by borrowings.

2. CURRENT COST PROFIT AND LOSS ACCOUNTS

The summarised consolidated current cost profit and loss accounts of the group for the two years ended 31st December, 1983 are as follows:

	Notes	1982 £000	1983 £000
Turnover		109,558	136,071
Historical cost operating profit		3,264	4,842
Less: current cost operating adjustments	(i)	1,036	1,876
Current cost operating profit on continuing activities		2,228	2,966
Gearing adjustment		(461)	(920)
Net interest payable		1,760	1,562
Current cost profit on continuing activities before taxation		929	2,327
Taxation charge		160	1,384
Current cost profit on continuing activities after taxation		769	943
Current net loss on discontinued activities after taxation		(1,456)	(377)
Current cost profit (loss) after taxation		(687)	566
Extraordinary items		—	148
Current cost profit (loss) after extraordinary items		(687)	418
Minority interests		86	78
Retained current cost profit (loss)		(773)	340
Current cost earnings per share on continuing activities	(ii)	3.1p	3.5p

Notes to the consolidated current cost profit and loss accounts

(i) Current cost operating adjustments

Current cost operating adjustments are as follows:

	1982 £000	1983 £000
Depreciation adjustment	337	313
Cost of sales adjustment	534	1,614
Monetary working capital adjustment	8	(90)
	939	1,837
Fixed asset disposals	97	39
	1,036	1,876

(ii) Current cost earnings per share on continuing activities

Earnings per share have been calculated on the current cost profit on continuing activities after taxation and after minority interests and on 22,009,090 Ordinary Shares, being the Ordinary Shares in issue at the date of this report together with the number of Ordinary Shares being issued to redeem the whole of the 11% Cumulative Redeemable Preference Shares of £1 each.

3. CURRENT COST BALANCE SHEET

The current cost balance sheet of the group at 31st December, 1983 is as follows:

	Notes	£000
Fixed assets		
Tangible assets	(i)	10,681
Investment in related companies		86
		10,767
Current assets		
Stocks		23,096
Debtors		27,942
Cash at bank and in hand		1,341
		52,379
Total assets		63,146
Capital and reserves		
Called up share capital		5,000
Current cost reserve	(ii)	2,740
Other reserves		7,175
		14,915
Minority interests		322
Provisions for liabilities and charges		856
Creditors (due after one year)		3,369
Current liabilities (due within one year)		
Bank loans and overdrafts		9,119
Creditors		34,565
		43,684
Total liabilities		63,146

Notes on the consolidated current cost balance sheet

(i) Tangible fixed assets

	Gross £000	Depreciation £000	Net book amount £000
Freehold property	3,921	3	3,918
Long leasehold property	1,802	—	1,802
Plant, equipment and vehicles	12,295	7,334	4,961
	18,018	7,337	10,681

(ii) Current cost reserve

	£000	£000
Revaluation surpluses		
Fixed assets		555
Stocks		627
		1,182
Current cost operating adjustments	2,948	
Gearing adjustment	(1,390)	
		1,558
		2,740

Yours faithfully,
ERNST & WHINNEY,
Chartered Accountants

PROFIT FORECAST

1. Profit forecast, bases and assumptions

The directors' forecast of the profit of the group before taxation for the year ending 31st December, 1984 of not less than £5.4 million has been made under the historical cost convention and is based on and includes the results shown by the unaudited management accounts for the five months ended 31st May, 1984, subsequent management information and on the following principal assumptions:

(i) The incidence of group sales will continue to follow the seasonal pattern shown in previous years, and the current level of UK manufacturing production will not change materially during the remainder of the year.

(ii) Rates of general inflation, interest rates and exchange rates will not change significantly during the remainder of the year.

(iii) The operations of the group will not be significantly affected by industrial disputes, natural disasters or civil disturbances involving the group or its suppliers or customers, and the group will not be adversely affected as a result of any change in government policy or regulations.

(iv) Aluminium, stainless and special steel prices will not change substantially from current levels.

2. Letters

The following are copies of letters relating to the profit forecast for the year ending 31st December, 1984.

(i) Letter from Ernst & Whinney:

Becket House,
1 Lambeth Palace Road,
London SE1 7EU

11th July, 1984

The Directors,
Aman PLC,
52 High Street,
Kingston on Thames,
Surrey KT1 1HN.

Dear Sirs,

We have reviewed the accounting bases and calculations adopted in arriving at the forecast of profit before taxation of Aman PLC and its subsidiaries ("the group") (for which you as directors are solely responsible) for the year ending 31st December 1984, as set out in the prospectus dated 11th July, 1984. The profit includes results shown by the unaudited management accounts for the five months ended 31st May, 1984.

In our opinion the forecast of profit before taxation, so far as the accounting bases and calculations are concerned, has been properly compiled on the footing of the principal assumptions made by the directors set out in the prospectus under "Profit Forecast" and is presented on a basis consistent with the accounting policies normally adopted by the group.

Yours faithfully,
ERNST & WHINNEY
Chartered Accountants.

(ii) Letter from Samuel Montagu & Co. Limited:

114 Old Broad Street
London EC2P 2HY.

11th July 1984

The Directors,
Aman PLC,
Aman House,
52 High Street,
Kingston on Thames,
Surrey KT1 1HN.

Dear Sirs

We refer to the profit forecast of Aman PLC and its subsidiaries ("the group") for the year ending 31st December, 1984, set out in the prospectus dated 11th July, 1984.

We have discussed with you the bases and principal assumptions on which the forecast has been made and we have also considered the letter addressed to yourselves from Ernst & Whinney, the reporting accountants of the group, regarding the accounting bases and calculations.

Based on these discussions and having regard to the letter from Ernst & Whinney, we consider that the forecast of profit of the group for the year ending 31st December, 1984 (for which you as directors are solely responsible) has been made by you after due and careful enquiry.

Yours faithfully,
for SAMUEL MONTAGU & Co. LIMITED,
M S Davidson,
Director.

STATUTORY AND GENERAL INFORMATION

1. Share capital of the Company and its subsidiaries

(a) The Company was incorporated in England as a public limited company on 19th July, 1983 (registered number 1740769) under the Companies Acts 1948 to 1981, with the name Aman Holdings PLC and with an authorised share capital of £50,000 divided into 50,000 Ordinary Shares of £1 each of which two were issued for cash at par. The Company resolved to change its name to Aman PLC on 18th May, 1984, and the change of name certificate was issued by the Registrar of Companies on 8th June, 1984.

(b) On 16th September, 1983 the authorised share capital was increased to £150,000 by the creation of an additional 100,000 Ordinary Shares and 50,503 Ordinary Shares were issued for cash at par. On 5th October 1983 a further 84,635 Ordinary Shares were issued for cash at par, so that at that date the issued share capital was 135,140 Ordinary Shares of £1 each all of which were owned by certain of the directors and employees of Aman.

(c) On 21st November, 1983 the authorised share capital was increased to £5,100,000 by the creation of 950,000 Ordinary Shares of £1 each, 307,000 Cumulative Participating 'A' Preferred Ordinary Shares of £1 each, 307,000 Cumulative Participating 'B' Preferred Ordinary Shares of £1 each, 153,500 Cumulative Participating 'C' Preferred Ordinary Shares of £1 each, 153,500 Cumulative Participating 'D' Preferred Ordinary Shares of £1 each ("Preferred Ordinary Shares") and 3,079,000 Cumulative Redeemable Convertible Preference Shares of £1 each ("Redeemable Preference Shares"). On 2nd December, 1983 964,860 Ordinary Shares of £1 each were issued for cash at par by way of a rights issue of 32 Ordinary Shares for every 5 Ordinary Shares then held, and on 8th December, 1983 each of the Preferred Ordinary Shares and Redeemable Preference Shares were issued for cash at par. Following this the authorised share capital was £5,100,000 divided into 1,100,000 Ordinary Shares of £1 each of which 1,000,000 had been issued, 921,000 'A', 'B', 'C' and 'D' Preferred Ordinary Shares of £1 each and 3,079,000 Redeemable Preference Shares of £1 each all of which had been issued and fully paid.

(d) Pursuant to special resolutions of the Company passed on 9th July, 1984 which were, *inter alia*, conditional upon the Ordinary Shares of the Company (other than the 'A' and 'B' Employee Ordinary Shares), issued and now being issued, being admitted to the Official List by the Council of The Stock Exchange on or before 31st July, 1984, *inter alia*:

(i) the authorised share capital of the Company was increased to £11,250,000 by the creation of a further 21,100,000 Ordinary Shares of 25p each, 2,500,000 'A' Employee Shares of 25p each and 1,000,000 'B' Employee Ordinary Shares of 25p each;

(ii) a bonus issue was made to the holders of Ordinary Shares of £1 each in the proportion (as nearly as may be so as to avoid fractions) of 5 Ordinary Shares of 25p each, 5 'A' Employee Ordinary Shares of 25p each and 2 'B' Employee Shares of 25p each, for every 2 Ordinary Shares of £1 each then held;

(iii) each of the existing authorised but unissued Ordinary Shares of £1 each were subdivided into 4 Ordinary Shares of 25p each;

(iv) the rights attaching to the existing issued 1,000,000 Ordinary Shares of £1 each were cancelled and each of such shares was sub-divided and converted into 4 'B' Employee Ordinary Shares of 25p each;

(v) a bonus issue was made to the holders of the Preferred Ordinary Shares in the proportion of 6 Ordinary Shares of 25p each for each Preferred Ordinary Share of £1 each then held;

(vi) the rights attaching to the existing 921,000 Preferred Ordinary Shares of £1 each were cancelled and each of such shares was sub-divided and converted into 4 Ordinary Shares of 25p each;

(vii) new Articles of Association were adopted;

(viii) the directors were generally and unconditionally authorised pursuant to section 14 of the Companies Act 1980 to allot relevant securities (within the meaning of that section) to enable the capital reorganisation to be effected and thereafter up to an aggregate nominal amount of £2,350,833, such authority expiring on 8th July, 1999, and to allot equity securities (as defined in section 17(11) of the Companies Act 1980) for cash as if section 17(1) of that Act did not apply to enable the capital reorganisation to be effected, and for any other purpose after the redemption of the Redeemable Preference Shares up to an aggregate nominal amount of £470,166;

(ix) the Company approved the terms of an Employee Profit Sharing Scheme and an Executive Share Option Scheme (as summarised in paragraph 6 below); and

(x) conditionally upon the redemption of the Redeemable Preference Shares, each of the 3,079,000 unclassified shares of £1 each arising therefrom were sub-divided into and re-classified as Ordinary Shares of 25p each and the Articles of Association were amended by the deletion of all references to the Redeemable Preference Shares.

(e) Under the Offer for Sale Agreement described in paragraph 7 below, Samuel Montagu & Co Limited ("Samuel Montagu") has, *inter alia*, agreed to subscribe for 3,800,000 Ordinary Shares for cash at 110p per share.

(f) Immediately following this Offer for Sale and the redemption of the Redeemable Preference Shares, the authorised and issued share capital of the Company will be as follows:

	Number of shares of 25p each: Authorised	Issued and fully paid
Ordinary Shares	37,500,000	21,510,039
'A' Employee Ordinary Shares	2,500,000	2,499,961
'B' Employee Ordinary Shares	5,000,000	5,000,000
	45,000,000	29,010,000

15,990,000 Ordinary Shares (36 per cent.) will remain authorised but unissued following this Offer for Sale. No material issue of shares of the Company (other than to shareholders *pro rata* to their existing shareholdings or pursuant to the Employee Profit Sharing Scheme or Executive Share Option Scheme (as summarised in

The balance of the issued share capital of Aalco SA is owned by Sr. J. Alvarez de Toledo (26 per cent.), Sr. J. Casajuana Roca (20 per cent.) and Sr. E. Llorens (5 per cent.) and the balance of the issued share capital of Dawnpress Limited is owned by Mr. M. Bloom.

4. Premises

Details of the group's principal properties are set out below:

Property	Description	Approximate area of buildings in square feet	Tenure	Current annual rental	Rent review date
Aalco Birmingham, Shelah Road, Halesowen	Warehouse and ancillary offices	26,300	Freehold	—	—
Aalco Centre, Shelah Road, Halesowen	Warehouse and ancillary offices	34,300	Freehold	—	—
Aalco Lancashire, Holyoake Road, Walkden	Warehouse and ancillary offices	17,800	Freehold	—	—
Aalco Leeds, [illegible] Industrial Estate, [illegible] Morley, Leeds	Warehouse and ancillary offices	17,700	Freehold	—	—
Aalco Norwich, [illegible]	Warehouse and ancillary offices	17,600	Freehold	—	—
Aalco Nottingham, [illegible] Lane, Carlton, Nottingham	Warehouse and ancillary offices	12,000	Freehold	—	—
Aalco Uxbridge, High Road, Cowley Peachey, Uxbridge	Warehouse and ancillary offices	10,000	Freehold	—	—
Aalco [illegible], [illegible] Industrial Estate, Burton-on-Trent	Warehouse and ancillary offices	21,000	Leasehold 125 years from 1.11.79	£5,000	1984 and every 5 years
Amari House, 52 High Street, Kingston on Thames	Offices	9,500	Leasehold 125 years from 7.9.79	£10,300	1986 and every 5 years
Leavite Electroplant, Apollo Way, Lichfield Road Industrial Estate, Tamworth	Metal finishing plant	6,200	Freehold	—	—
Metoval, The Leveret Industrial Estate, Brereton, Rugeley	Metal finishing plant	13,300	Leasehold 25 years from 25.9.76	£2,500	1981 and every 5 years

The group also owns and occupies 6 further freehold premises in the UK comprising approximately 106,000 square feet in total.

In addition to the above principal premises, the group occupies 47 leasehold premises principally comprising warehouses with ancillary offices, broad details of which are given below.

Size of premises in '000 square feet.	0–5	5–10	10–15	15–20	20+
Number of premises	12	13	5	6	5
Unexpired term of lease in years.	0–5	6–10	11–15	16–20	20+
Number of premises	10	7	3	16	11
Rent payable per annum in £'000			0–10	10–20	20+
Number of premises			17	17	13

Of the 47 leasehold premises, 38 are in the UK, two are in Canada and seven are in Europe. The majority of the leasehold properties in the UK are subject to rent reviews every five years and are held on conventional full repairing and insuring leases.

5. Directors' and other interests

(a) Immediately following completion of this Offer for Sale, the directors of the Company and their families will have the following interests in the ordinary share capital of the Company, all of which are beneficial, as required to be disclosed by the Companies Act 1967, as amended:

Director	Number of Employee Ordinary Shares held	Number of Ordinary Shares held	Combined percentage of issued ordinary share capital
M. Ward Thomas	374,707	124,903	1.7
J. P. Pither	762,750	254,250	3.5
B. Langley	190,402	25,387	0.7
A. R. Merrington	187,590	25,012	0.7
A. Miller	194,152	25,887	0.8
K. Piggott	187,590	25,012	0.7
C. J. Romer	190,402	25,387	0.7
K. T. Winterton	190,402	25,387	0.7

(b) The only holdings, so far as the directors are aware, which will represent five per cent. or more of the issued ordinary share capital of the Company immediately following this Offer for Sale are as follows.

	Number of Ordinary Shares	Percentage of issued ordinary share capital
Investors in Industry plc	2,609,500	9.0
Moracrest Finance Limited	2,609,500	9.0

County Bank Limited and The County Council of West Midlands Superannuation Fund will each hold 1,304,750 Ordinary Shares (4.5 per cent.).

(c) Immediately following this Offer for Sale, in respect of their existing holdings the directors and certain employees of the group, totalling some 260 persons, will hold 1,517,729 Ordinary Shares, 2,499,961 'A' Employee Ordinary Shares and 5,000,000 'B' Employee Ordinary Shares, representing in total 31.1 per cent. of the issued ordinary share capital of the Company.

(d) No director of the Company has or has had an interest in any material assets which, within the two years prior to the date hereof, have been or are proposed to be acquired or disposed of by or leased to the Company or any of its subsidiaries, and no contract or arrangement subsists in which a director of the Company is materially interested and ...

...to the Sale and Subscription Agreement) (2) Samuel Montagu (3) and the Company (4), Samuel Montagu has agreed, subject to the admission to the Official List by the Council of The Stock Exchange not later than 31st July, 1984 of all of the Ordinary Shares of the Company issued and now being issued (other than the Employee Ordinary Shares) to purchase from the vendors 2,363,810 Ordinary Shares and to subscribe for 9,800,000 new Ordinary Shares at a price of 107.8p and to offer all such Ordinary Shares for sale to the public at 110p, being the Offer for Sale price.

(b) Under the Sale and Subscription Agreement:

(i) the directors and the Company have given warranties to Samuel Montagu concerning the affairs of the Company and its subsidiaries, and the directors have given limited indemnities to the Company and its subsidiaries in respect of depletion of the assets of the group by reason of certain items of taxation.

(ii) Samuel Montagu has agreed to pay to Kitcat & Aitken a commission of ¼ per cent. and to sub-underwriters a commission of 1¼ per cent. on the aggregate Offer for Sale price, and its own legal expenses, and

(iii) the Company has agreed to pay all other costs, charges and expenses relating or incidental to this Offer for Sale, the reorganisation of the share capital and the application for admission of the Ordinary Shares to the Official List, including capital duty, The Stock Exchange listing fee, the fees and expenses of the Reporting Accountants, the charges of the Receiving Bankers and the Registrars, its own legal expenses and the expenses of printing, advertising and circulating this Offer for Sale, together with fees to Samuel Montagu and Kitcat & Aitken.

(c) The numbers of Ordinary Shares which Samuel Montagu has agreed to purchase from the various vendor shareholders under the Sale and Subscription are as follows:

	Number of Ordinary Shares
Directors	
M. Ward Thomas	Nil
J. P. Pither	Nil
B. Langley	38,081
A. R. Merrington	37,518
A. Miller	38,831
K. Piggott	37,518
C. J. Romer	38,081
K. T. Winterton	38,081
County Bank Limited	230,250
Investors in Industry plc	460,500
Moracrest Finance Limited	460,500
The County Council of West Midlands (acting in its capacity as a superannuation administering authority)	230,250
Others (including 202 current employees of the group)	754,200
	2,363,810

8. Material contracts

The following contracts, not being contracts entered into in the normal course of business, have been entered into by the Company or its subsidiaries in the two years immediately preceding the date of this Offer for Sale and are or may be material:

(a) dated 18th March, 1983 between (1) Tamworth Tube Products Limited, (2) IMI Yorkshire Imperial Limited and (3) Leavite being an agreement for the purchase by Leavite of a freehold property situated at Apollo Way, Lichfield Road Industrial Estate, Tamworth, Staffordshire, for the sum of £447,000;

(b) dated 3rd November, 1983 between the Company (1) and The British Petroleum Company plc ("BP") being an agreement whereby BP agreed to sell all the issued share capital of Amari International to the Company for the cash sum of £5,000,000. The agreement was completed on 8th December, 1983 and contains, inter alia, warranties by BP to the Company regarding taxation and other matters in relation to the Amari group, the total liability of BP for all breaches of such warranties being limited to £500,000;

(c) dated 4th November, 1983 between certain employees (defined therein as "Promoters") (1) certain Investors (County Bank Limited, Investors in Industry plc, Moracrest Finance Limited and The County Council of West Midlands) (2) whereby the Investors subscribed for shares in the Company to assist in the acquisition of Amari International. It has been agreed that this agreement will terminate following the Offer for Sale and the redemption of the Redeemable Preference Shares; and

(d) dated 11th July, 1984 between the directors (1) the vendor shareholders named therein (2) Samuel Montagu (3) and the Company (4) being the Sale and Subscription Agreement referred to in paragraph 7 above.

9. Taxation

(a) The directors have been advised that immediately following this Offer for Sale the Company will cease to be a close company within the meaning of the Income and Corporation Taxes Act 1970.

(b) Clearance in respect of section 460 Income and Corporation Taxes Act 1970 has been obtained in respect of transactions involved in this Offer for Sale.

(c) The directors have been advised that no apportionment will arise under Schedule 16 Finance Act 1972 for all relevant periods up to and including the year ended 31st December, 1983.

(d) Under the Sale and Subscription Agreement with Samuel Montagu referred to in paragraph 7, the directors have given certain tax indemnities including, but not limited to, income tax and capital transfer tax, in favour of the Company and its subsidiaries.

10. General

(a) Save as disclosed herein there has been no material change in the trading and financial position of the group since 31st December, 1983, being the date of the latest published audited accounts.

(b) Neither the Company nor any of its subsidiaries is engaged in any material litigation or has any claim of material importance pending or threatened against it and the directors are not aware of any circumstances likely to give rise to any such litigation or claim.

(c) Samuel Montagu & Co. Limited, registered in England number 499482, has its registered office at 114 Old Broad Street, London EC2P 2HY.

(d) The total costs and expenses that shall be borne by the Company are estimated to amount to £710,000 (exclusive of value added tax).

(e) For the purposes of paragraph 4 of Part 1 of the Fourth Schedule to the Companies Act 1948, the minimum amount which in the opinion of the directors must be raised by the issue of 9,800,000 Ordinary Shares pursuant to this Offer for Sale is £10.3m which, in order to provide for the matters referred to in paragraph 4(a) of the Fourth Schedule of the Companies Act 1948 is made up as follows: (i) purchase of property — £nil, (ii) commissions payable in relation to the Offer for Sale — £0.2m, repayment of monies borrowed in respect of (i) — £nil, and working capital — £10.1m, including £3.1m in respect of redemption of the Cumulative Redeemable Preference Share capital of the Company. No amount is to be provided from any other source in respect of any of the matters aforesaid. There are no preliminary expenses of the Company.

(f) The financial information given in this document in respect of profits for the five financial years to 31st December, 1983 and assets and liabilities at that date does not constitute full accounts of the Company and its subsidiaries as referred to in section 11 of the Companies Act 1981. Full audited accounts of Amari International and its subsidiaries for the five financial years to 31st December, 1983 and of the Company for the period ended 31st December, 1983 have been delivered to the Registrar of Companies and unqualified audit reports within the meaning of that section have been given in respect of those full accounts.

11. Consents and documents for inspection

(a) Samuel Montagu and Ernst & Whinney have given and not withdrawn their written consents to the issue of this document with the inclusion herein of their report (in the case of Ernst & Whinney) and their letters concerning the profit forecast and references to their names in the form and context in which they respectively appear.

(b) The documents attached to the copy of this prospectus delivered to the Registrar of Companies for registration were the report and letters referred to in (a) above, the preferential application form for use by the employees of the group, the statement of the adjustments made by Ernst & Whinney in arriving at the figures set out in the Accountants' report, the written consents of Samuel Montagu and Ernst & Whinney and copies of the material contracts listed in paragraph 8 above.

(c) The Sale and Subscription Agreement referred to in paragraph 7 above and copies of the following documents may be inspected at the offices of Ashurst Morris Crisp & Co., Broadgate House, 7 Eldon Street, London EC2M 7HD, during usual business hours on any weekday, Saturdays excepted, for a period of fourteen days following the date of this prospectus:

(i) The memorandum and articles of association of the Company;

(ii) the audited consolidated accounts of Amari International PLC and its subsidiaries for the two years ended 31st December, 1983 and the audited consolidated accounts of Amari PLC and its subsidiaries for the period ended 31st December, 1983.

(iii) the material contracts referred to in paragraph 8 above.

(iv) the report of Ernst & Whinney and statement of adjustments relating thereto.

(v) the service agreements referred to in paragraph 5 above.

(vi) the written consents referred to in paragraph 11(a) above;

(vii) the letters relating to the profit forecast, and

(viii) the draft trust deed governing the Amari PLC Employee Profit Sharing Scheme and the draft Rules of the Amari PLC Executive Share Option Scheme referred to in paragraph 6 above.

Dated 11th July, 1984.

PROCEDURE FOR APPLICATION

1. General

No person receiving a copy of this prospectus or an application form in any territory other than the UK may treat the same as constituting an invitation to him, nor should he in any event use such form unless in the relevant territory such an invitation could lawfully be made to him and such form could lawfully be used without contravention of any registration or other legal requirements. Any person outside the UK wishing to make an application hereunder should satisfy himself as to observance of the laws of any relevant territory, and should obtain any requisite governmental or other consents and observe any other requisite formalities.

2. Number of shares applied for

(i) Applications must be made on the accompanying application form. Photostat copies of application forms will not be accepted.

(ii) Applications must be for a minimum of 200 Ordinary Shares, applications for over 200 and not more than 2,000 shares must be in multiples of 200 shares, for over 2,000 and not more than 10,000 shares in multiples of 500 shares, for over 10,000 shares and not more than 25,000 shares in multiples of 1,000 shares, and for over 25,000 shares in multiples of 5,000 shares.

3. Timings and payment

(i) Applications must be lodged with **The Royal Bank of Scotland plc, 24 Lombard Street, London EC3V 9BA** or posted so as to arrive in either case **not later than 10.00 a.m. on Tuesday, 17th July, 1984.**

(ii) Each application must be accompanied by a separate cheque or banker's draft drawn in sterling on a branch in England, Scotland, Wales, Northern Ireland, Channel Islands or Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses (and which must bear the appropriate sorting code number in the top right hand corner) **made payable to "The Royal Bank of Scotland plc" and crossed "Not Negotiable"**, representing payment in full at the application price.

(iii) Samuel Montagu & Co. Limited reserves the right to instruct The Royal Bank of Scotland plc to present all cheques for payment and to retain letters of acceptance and surplus application monies pending clearance of the successful applicants' cheques. It is not intended to present cheques for payment unless an allocation will be made in respect of the application. Due completion and delivery of an application form accompanied by a cheque will constitute a warranty that the cheque will be honoured on first presentation; attention is drawn to the declaration in the application form to that effect. The right is reserved to reject any application in whole or in part, multiple and suspected multiple applications and applications for an undue number of shares are liable to be rejected.

4. Acceptance of applications, announcements and dealings

(i) *The Offer for Sale is conditional on the whole of the Ordinary Share capital of* the Company, issued and now being issued, being admitted to the Official List of The Stock Exchange not later than 31st July, 1984. Monies paid in respect of all applications will be returned if such listing is not granted and, in the meantime, will be retained by The Royal Bank of Scotland plc in a separate account.

(ii) The basis of allocation will be announced on or as soon as possible after 17th July, 1984. Renounceable letters of acceptance are expected to be despatched on Friday, 20th July, 1984 and dealings to commence on Monday, 23rd July, 1984.

(iii) If any application is not accepted, or is accepted for fewer Ordinary Shares than the number applied for, the application monies or the balance of the amount paid on application will be returned by cheque through the post, in either case without interest and at the applicant's risk.

(iv) Preferential consideration will be given in respect of a maximum of 750,000 Ordinary Shares to applications made by employees of Amari and its subsidiaries on the special pink forms provided for the purpose. Such applications must be for a minimum of 100 shares and in multiples of 100 shares.

5. Documents of title

Letters of acceptance will be renounceable up to 3.00 p.m. on 31st August, 1984. The Ordinary Shares now being offered for sale will be registered free of stamp duty in the name(s) of the applicant(s) or persons in whose favour letter(s) of acceptance have been renounced, provided that, in case of renunciation, letters of acceptance duly completed in accordance with the instructions contained therein are lodged for registration at or before 3.00 p.m. on 31st August, 1984. Share certificates will be despatched by first class post on 21st September, 1984.

Copies of this prospectus and application forms may be obtained from:

Samuel Montagu & Co. Limited, 114 Old Broad Street, London EC2P 2HY.	**The Royal Bank of Scotland plc**, New Issues Department, 24 Lombard Street, London EC3V 9BA. Tel 01-621 1234	**Kitcat & Aitken**, The Stock Exchange, London EC2N 1HB. Tel 01-588 6280

Outside London, copies may be obtained from:

Williams & Glyn's Bank plc, 11-12 Bennetts Hill, Birmingham B2 5RS.	**Williams & Glyn's Bank plc**, 36-38 Baldwin Street, Bristol BS1 1NR.	**Williams & Glyn's Bank plc**, 38 Mosley Street, Manchester M60 2BE.
Williams & Glyn's Bank plc, 31 Grey Street, Newcastle-upon-Tyne NE1 6ES	**The Royal Bank of Scotland plc**, 36 St. Andrew Square, Edinburgh EH2 2YB	**The Royal Bank of Scotland plc**, 98 Buchanan Street, Glasgow G1 3BA.

APPLICATION FORM

THE APPLICATION LIST WILL OPEN AT 10.00 a.m. ON TUESDAY, 17th JULY, 1984 AND MAY BE CLOSED AT ANY TIME THEREAFTER.

This Application Form when complete must be forwarded or handed in to The Royal Bank of Scotland plc, 24 Lombard Street, London EC3V 9BA, together with a cheque/banker's draft for the full amount payable, so as to be received not later than 10.00 a.m. on Tuesday, 17th July, 1984. Postal applicants are strongly advised to use first class post and allow two days for delivery.

A separate cheque or banker's draft must accompany each Application Form. Cheques and banker's drafts which must be drawn in sterling on a branch in England, Scotland, Wales, Northern Ireland, the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for the members of those Clearing Houses and must bear the appropriate sorting code number in the top right corner, **must be made payable to "The Royal Bank of Scotland plc" and crossed "Not Negotiable"** and must represent payment in full at the application price.

AMARI PLC

(Incorporated under the Companies Acts 1948 to 1981, Number 1740768)

Offer for Sale

by Samuel Montagu & Co. Limited

of 12,163,810 Ordinary Shares of 25p each at 110p per share, payable in full on application

Examples of amounts payable on application

Shares	£	Shares	£
200	220	2,000	2,200
400	440	3,000	3,300
600	660	4,000	4,400
800	880	5,000	5,500
1,000	1,100	10,000	11,000

* Number of shares applied for	** Amount enclosed at 110p per share
	£

*Applications must be for a minimum of 200 shares. Applications for not more than 2,000 shares must be in multiples of 200 shares, for over 2,000 shares and not more than 10,000 shares in multiples of 500 shares, for over 10,000 shares and not more than 25,000 shares in multiples of 1,000 shares and for over 25,000 shares in multiples of 5,000 shares.

To SAMUEL MONTAGU & CO. LIMITED

I/We enclose a cheque/banker's draft for the above-mentioned sum ** being the full amount payable on application at 110p per share for the above stated number * of Ordinary Shares of 25p each in AMARI PLC ("the Company") and I/we apply to purchase that number of shares. I/we hereby undertake and agree to accept the same or any lesser number of shares in respect of which this application may be accepted, upon the terms of your Offer for Sale dated 11th July, 1984 and subject to the Memorandum and Articles of Association of the Company. I/We hereby authorise you to send to me/us a fully paid renounceable Letter of Acceptance for the number of shares in respect of which this application is accepted and/or a cheque for any monies returnable to me/us by ordinary first class post at my/our risk to the address first given below and to procure my/our name(s) to be placed on the Register of Members of the Company as holder(s) of the said shares so far as they have not been effectively renounced.

In consideration of Samuel Montagu & Co. Limited agreeing to accept applications upon the terms and subject to the conditions of the said Offer for Sale for an aggregate number of 12,163,810 ordinary shares of 25p each in the Company, I/We agree that this application shall be irrevocable until 31st July, 1984 and that this paragraph shall constitute a collateral contract between me/us and Samuel Montagu & Co. Limited which shall become binding upon despatch by post or delivery of this application form to The Royal Bank of Scotland plc, 24 Lombard Street, London EC3V 9BA, duly completed.

I/We declare that due completion and delivery of this Application Form, accompanied by a cheque/banker's draft, constitutes an undertaking that such cheque/banker's draft will be honoured on first presentation.

PLEASE SIGN HERE ➡ 1. Signature .... Dated .... July, 1984

Forename(s) in full ....

Surname (Mr, Mrs, Miss or Title) ....

Address (in full) ....

.... Post Code ....

Please use BLOCK CAPITALS OR TYPE FOR NAMES AND ADDRESSES

ALL JOINT APPLICANTS MUST SIGN AND GIVE NAMES AND ADDRESSES BELOW. In the case of a corporation this form should be signed by a duly authorised officer who should state his representative capacity. If this form is signed by a power of attorney, such power of attorney or a duly certified copy thereof must accompany this form.

FOR OFFICE USE ONLY
1. Letter of Acceptance No
2. Shares accepted
3. Amount received on application £
4. Amount payable on shares accepted £
5. Amount returned £
6. Return Cheque No.

Please attach top left corner of cheque/banker's draft here

2. Signature ....
Forename(s) in full .... Surname (Mr, Mrs, Miss or Title) ....
Address .... Post Code ....

3. Signature ....
Forename(s) in full .... Surname (Mr, Mrs, Miss or Title) ....
Address .... Post Code ....

Please use BLOCK CAPITALS OR TYPE

4. Signature ....
Forename(s) in full .... Surname (Mr, Mrs, Miss or Title) ....
Address .... Post Code ....

NO RECEIPT WILL BE ISSUED FOR THE PAYMENT ON APPLICATION, but an acknowledgement will be forwarded through the post in due course at the risk of the applicant(s), either by a fully paid renounceable Letter of Acceptance for all the shares applied for, or by a fully paid renounceable Letter of Acceptance for the shares applied for and accepted and cheque for any surplus application monies, or by the return through the post of the application monies.

UK COMPANY NEWS

Bulmer slows down in second half

AS EXPECTED, the rate of profit growth for cider, etc, producer **H.P. Bulmer Holdings** has slowed, and the figure for the second half shows only a 13½ per cent increase. With the greater edvance attained in the interim period, however, the profit for the full year ended April 27 1984 is £2.77m ahead to £16.09m, a rise of 21 per cent.

For the current year, the chairman Mr Esmond Bulmer feels it prudent to expect only limited growth taking the group as a whole, but the high level of capital expenditure will continue and provide for further modernisation of production facilities.

Cider sales volume in May and Jnne this year bas been disappointing but it is still too early to judge the full effect of the 47 per cent increase in the *Excise Duty* will constrain the growth of the UK cider markat, and this emphasises the need to seek expansion in other sectors of tha business, he says.

However, in the longer term Mr Bulmer is confident that the group will continue to progress through *broadening* the *trading* base in the UK and abroad and throngh improved productivity.

The final dividend for the year is 2.66p to litf the total from 4.2p to 4.9p net. The chairman says in Hfting the payment considaration has been taken of the full year costs of servicing the bonus preference shares as well as changes in the UK corporation tax structure. The intention is to maintain a progressive ordinary dividend policy with prudent levels of cover. In February bolders were given a scrip of two newly created 8¾ per cent preference shaers of £1 for every five ordinary held, and received their first dividend on June 30.

Sales in the year moved up from £108.96m to £127.4m, or from £89.38m to £102.78m after Excise Duty, and the operating profit rnse by £2.53m to £17.8m with cider accounting for £14.9m (£14.09m), wines and spirits and other drinks £1.44m (£517,000), overseas drinks £720,000 (loss £335,000), and pectin £696,000 (£1m).

The success of theAustralian operation *is ancouraging* and the proposed ecquisition of Red Cheek Inc will give Bulmer considerable strength abroad. It will also give a greater presence in fruit juices and the opportunity to build in this market.

The opportunities for expanding the pectin business are attractive in the longer term and the company will seek to develop them, although it is anticipaled that margins will remain under pressure for some time.

Total shareholders' funds at £51.1m, are £7.4m greater than at April 1983. This includes an uplift in hook values of group properties by £3.4m arising from the professional revaluation at April 1984.

A strong cash flow position was achieved, with overall cash funds increasing from £1.2m to £2.8m at April 1984.

Group capital expenditure totalled £10.2m (£8.3m) with e large part of this supporting the continuing expansion of outlets for keg ciders.

● comment

The market's reaction to Bulmer's figures — a 23p drop in the shares to 160p — might be seen as a detailed response to the effects of base rate rises on consumer spending. More important, though, was the fine print, showing second balf profits from cider proper in marginal decline. This was not at all what was looked for in the beady days of last summer, when the cider market was still growing by 11 per cent in volume and the Bulmer share price was twice what it is now. The industry is talking about a volume rise this year of 5 per cent — partly courtesy of the Chancellor, but also because growth in cider consumption, though still trending upward, cannot continue at the pace of the last two years. But competition, too, has been hotting up in the half of the market which Bulmer does not control — from newcomers like Cameron and Avana, from imports, and from the Taunton consortium with its strong position in the tied trade. Bulmer might add another £1m to pre-tax this year, but the new preference sbares should actually depress earnings, bringing the *prospective* multiple a sbade above the historic 7.6.

HIGHLIGHTS

In the aftermath of yesterday's two point rise in base rates Lex looks at the recent turn of events which led up to the increase and the likely progression from here on. Equities meantime continued their slide with the Financial Times 30-Share Index falling another 11 points yesterday. After some persistent speculetion of *further rationalisation* within the Britisb insurance sector, late yesterday **Sun Alliance** put in a cash offer for **Phoenix Insurance** valuing the group at £400m. Lex looks at the bid and likely developments before moving on to cnsider the latest report and accounts from **British Steel Corporation** which were published yesterday.

Grovebell presses on with £0.4m at midway

A "MOST SATISFACTORY" start to the current year has seen pre-tax profits at Grovebell Group rise from £304,000 to £417,000 in the six months to May 31 1984 and the resumption of the interim dividend after a five-year lapse.

The improvement represents a continuation of the recovery from the losses which reached a low point in 1980, and follows on from the £799,780 profit at the last year end.

The reinstated interim dividend is 0.25p per 5p ordinary share, and already equals the total for last year. It is covered by *earnings per share stated as* 0.85p (0.82p) basic and diluted.

Turnover of this garages and financial services group almost doubled from £10.66m to £19.25m, to which both divisions contributed. The motor and caravan trade added £12.97m (£8.28m) to the total, and the financial services sector £6.55m (£2.41m). The taxable profit breaks down to £157,000 (£148,000) and £197,000 (£90,000) for the respective divisions, and a drop to £63,000 (£66,000) from the parent company.

This continued profitability of the company and its subsidiaries has resulted in an increased tax charge, up from £41,000 to £146,000, as past tax charges are utilised.

Analysing the result, the *directors state* that the garage subsidiaries continue to achieve records in turnover. The new garage with a Vauxhall franchise at Speke, Liverpool, which commenced trading in September last year is establishing itself in the local market but in the period under review contributed a pre-tax loss which had been anticipated. However, the loss had the effect of masking the increased returns being achieved by the longer established garage businesses.

Brengreen finishes 32% ahead at record £2.4m

AN EVENTFUL 12 months in which Brengreen (Holdings) made a rights issue and met with mixed fortunes on the bid front, has been completed by a 32 per cent advance to taxable profits from £1.85m to £2.44m.

This industrial and commercial cleaner achieved its profits increase in the year to the end of March 1984 on turnover ahead by 22 per cent at £50.64m.

The total dividend on the capital enlarged by last June's one-for-four £5m rights issue is raised by 40 per cent from tp to 1.4p, with a final payment of 0.7p 10.55p).

Earnings per 10p share are stated as 4.72p (3.64p).

Brengreen's commercial cleaning division io the UK continues to be the group's mainstay operation, says Mr David Evans, cbairman.

He adds: "In such an iodustry as this where contracts are continually cbanging hands, it is satisfying to confirm that yet again this year we have won substantially more contracts than we have lost — both in number and in value.

"We are wel established in the various ancillary markets relevant to the commercial cleaning operation, such as hotel cleaning, store cleaning, industrial cleaning, sports and leisure centres and sleam cleaning," be ssys.

The company has maintained its lead in the field of public cleansing services and now has 16 out of a lotal of 32 contracts awarded to the private sector.

Mr Evans says: "Tenders are being prepared for further councils at an increasing rate such that it should not be long before the annual turnover of Exclusive Cleansing Services confirms our view, some years age, that this is e new, exciting and profitable expansion to our industry."

Since theo, Wastedrive, a subsidiary of the recently ecquired White Cross responsibla for waste disposal, has continued in prosper, while White Cross Equipment will develop faster than expected through the introduction of compectors into the overseas markets, together with the increased exposure with regard to transfer stations in the UK, Mr Evans points ont.

At the beginning of 1984 Brengreen acquired 44 per cent of a small cleaning company, to provide its introduction to Malaysia, and in April, it acqulred 75 per cent of Ender Cleaning, a substantial cleaning company in Singapore.

"These two companies, coupled with, we hope, a further acquisition in the Far East should enable us to become one of the foremost contractors in that part of the world," the chairman says.

He goes on to say: "Development of our overseas business interests since 1981 has been staggering in relation in Brengreen's overall progress, although in all fairness not as rapid during 1983 as we bad hoped. However, our growth is against identified potential markets and projects, and we are lherefore dependent, in turn, upon that potential crystallising."

In health care, Brengreen is now responsible for the domestic services at the Medway, Wokingham and shortly Farnborough hospitals.

As a result of the DHSS circular issued last September, maoy regional and district health authorities are now beginning to invite tenders for domestic services from the private sector.

"I anticipate this rate of inquiry to greatly accelerate in the antumn and would expect this to laad to a significant increase in business in 1985-86," *says Mr Evans.*

● comment

In one sense, the market's reaction to Brengreen's figures—marking the shares down by ½p to 49p — was very stoical. Back in October, after all, the group's offer for Sunlight had included a dividend forecast of 2p net for tha year, barring "unforeseen circumstances." The Chancellor's measures on deferred tax might qualify there, as might — just —the £600,000 costs of the failed hid. But to duck under the forecast by 30 per cent is arguably a little checky. That apart, the figures — allowing for £350,000 written off last year through changed treetment of start-up costs, and the extra £100,000 from the full merger accounting of the White Cross acquisition — are not too had. One slight worry concerns the quality of earnings in the Middle East, which last year accounted for 31 per cent of pre-tax against 27 per cent the year before, and are expected to carry on growing at a *similar* rale. Leasing activities are expected — perhaps surprisingly —to keep the tax rate at the same minimal level for tha next couple of years. On that basis, pre-tax of £3.5m this year wonld put the shares on e multiple of 7.

Rotaprint falls as margins are reduced

Following the turnronnd achieved in 1982-83 at Rntaprint, reduced profits of £232,000 against £401,000 are described by the directors as "disappointing."

Tbey go on to say that export turnover and profitability have been imrpoved this year but that the benefits bave been more than offset by the level of trading in the UK and pressure on margins. Thus the stated first priority of *significantly strengthening* the balance sheet has not been achieved.

The dlrectors are agalo passing arrears on tt½ per cent cumulative preference and ordinary dividend payments. Basic earnings per 5p share are shown as 0.19p (2.09p) and fully diluted as 0.47p (1.52p).

Turnover of this printing equipment manufacturer moved np from £14.16m to £15.66m.

Pre-tax profits were struck after interest payehle of £208,000 (£247,000). Tax amounted to £67,000 (£46,000) leaving net profits of £165,000 (£205,000 after extraordinary £150,000 debt).

At the halfway staga pre-tax losses rose from £35,000 to £165,000.

Amari returns with £32m value

BY ALISON HOGAN

AMARI, the metals and plastics stockholding and distribution group, returns to the Stock Exchange this week with a markel value of almost £32m.

That compares with the £2m which employees and *institutions* paid to buy the company from BP in December 1983, plus around £3m of cumulative redeemable preference shares which will be paid off out of the £10.1m being raised through the issue.

The main metals and plastics stockholding business is conducted through the Aalco group of companies and Amari Plastics.

Aluminium is the most important metal, accounting for 48 per cent of stockholding turnover, *followed by stainless steel* and special steels, which make up 23 per cent. Plastics and copper alloys account for 17 per [illegible]

Amari also has two metal processing and finishing companies, the Century aluminium extrusion plant and Leavlite which applies electrophoretic paint to aluminium extrusions fo windows and other uses.

The group has broadened its base in a number of ways since then, widening its range of metals to lessen its dependence on aluminium and expanding its geograpbical coverage in Europe and North America.

The result bas been an improvement in *turnover from* £109.5m in 1982 to £136m in 1983 and in pre-tax profits from £1.5m to £3.27m in the year to December.

The directors forecast a pre-tax profit of £5.4m for the current year.

Samnel Montagu is offering 12.16m shares as 110p per sbare, representing 42 per cent of the issued share capital of the company of which 9.8m are new shares raising £10.1m.

The £7m remaining after the preference shares have beeo redeeemed will be used as additional working capital belping to bring gearing down from around 100 per cent to 20 per cent of shareholders funds.

The prospective p/e at 110p per share is 8.8 times and the yield 6.2 per cent.

Kitkat & Aitken are brokers to the issue. Applications close on Tuesday, July 17 and dealings should begin on Monday, July 23.

● comment

The managiog director of Amari, Jon Pither, said the group has "greater defensive qualities" following the difficult period of 1979 to 1981. Amari bas broadeoed its product range and geographical spread. Its aim is to do so further. Amari gains strength from its position of independence from any one producer and sources products worldwide, though the bulk of *aluminium* and *stainless steel is* at present sourced in the UK. The UK also accounted for 80 per cent of sales last year, a figure the group would like to bring down in 50 pe rcent

The U.S. is its main target, though developments are at on early stage. The group has timed its arrival well after e couple of good years for the aluminium market since its last trough around 1980. Amari is in the cyclical metals business, whatever measures it takes to soften the *highs and lows* and it i difficult to see how profits will move after the current year's strong improvement. *Given* that uncertainty, the share price is no snip et 110p—and daring given present market jitters.

Yearlings at £11.5m

YEARLING BONDS totalling £11.5m et 11⅜ per cent, redeemable on July 17 1985, have been issued by the following local authorities.

Great Grimsby Borough Council £0.75m; East Lindsey District Council £0.5m; Cumbernauld & Kilsyth BC £0.75m; Milton Keynes (Borough of) £0.75m; Ynys Moo Isle of Aoglesey BC £0.5m; Dundee (City of) DC £0.5m; Hart DC £0.5m; Sefton Metropolitan BC £1m; Aberdeen (City of) DC £0.5m; Bedfordshire County Council £0.75m; Bolton MBC £1m; Sunderland (Borough of) £1m; Tamworth (Borough of) £0.5m.

£785,000 loss for Helical Bar

CONTINUATION of reduced demand and cut-throat competition has pushed *Helical Bar* further into the red for the year ended January 28 1984. On top of that, recovery of the misapplied funds (over £119,000) seems improbable and they have been written off as extraordinary items, along with substantial costs incurred both before and after the abortive bid for the company by Exent Corporation.

In the second half the loss of this steel fabrication and stockholding group increased to £435,000, to make £600,000 for the year, compared with £72,000. After a tax credit £34,000 (£12,000) and the extraordinary items totalling £219,000 (£7,000), the loss attributable to members is £785,000 (£67,000). Per share this works out at 19.5p (2.1p).

It is proposed to appoint Mr Michael Slade to the board, subject to the approval by shareholders of a share option scheme. Mr Slade will develop Helical Properties, in which he will have e staka of 49 per cent with the rest owned by Helical.

Properties is expected to be profitable within the first year of operation. It will concentrale on site development work and portfolio realisations, but will not require additional finance beyond the company's normal facilities et this stage.

Turnover fell from £7.37m in £6.53m.

It was in February that Helical announced its auditors confirmed that cheques for payments exceeding £119,000 had been drawn for the benefit of persons other than genuine crediinrs of the group. Criminal charges are still pending against the former chairman, Mr R. D. Tringham, and company secretary Miss E. McHugh. Exent is a group of companies controlled by Mr Tringham.

As regards the current year, the Helical directors are more optimistic, since further retrenchment and cost reduction have taken place. The sale of the 49.5 per cent interest in Queenborough Steel has realised £170,000 with a book surplus on investment of £135,000, and a record dividend of £96,000 has been received from Saudi Steel Reinforcements. Both will be taken into the curreot accounts and an improvement in selling prices will enable the first half results to show an overall surplus.

UK COMPANY NEWS

TSL moves into profit halfway

THE BETER trend shown by **TSL Thermal Syndicate** in the second half of 1983 has continued into the six months ended April 30 1984. This period has produced a profit of £376,000, compared with n loss of £722,000 last time which bad grown to £945,000 by that year end.

Mr J. E. Bywoter, chairman, says sales have continued to rise to a more acceptable level—they were up from £5.94m to £7.37m—and the order book has increased. He says there is a limit to the rate of recovery, especially in relation to increased sales, but with the usual provisos, he anticipated the company will continue to trade satisfactorily in the second balf. The company makes vitreous silica, fused magnesia and oxide ceramics.

The recovery in the American economy has enabled Thermal American Fused Quartz to improve its performance. With the additional busines resulting from the Japanese venture, record profits bave been made in the period.

He says the successful rights issue of last March (just over £1m was raised) is being used to finance the rationalisation, reorganisation and purchase of new plant at Wallsend. The work is proceeding well although somewhat slower than planned because it has to be phased to pected level of production.

Construction by the joint venture company of a new factory in Japan is on schedule and production should start in September.

Taxation in the half year takes £111,000 (extraordinary debits £124,000) to leave the net profit at £265,000 (loss £846,000). Earnings are shown at 3.32p (loss 9.52p) per share.

Mr Bywater is nearing normal retirement age and on July 15 will give up the chairmanship in favour of Mr William Wilkinsnn. He will remain on the board for a short while. His aproach to retirement coincides, he says, with the beginning of the recovery of TSL, during which new policies for consolidation and exploitation of fresb opportunities must be developed.

● comment

TSL shareholders must be relieved to see their rights money paying off so quickly, although they will still have to wait a while for more tangible benefits. Stumping up cash to get a company out of a hole is always nerve-racking stuff but the £1m turnround to profits in the first half clearly vindicates the new management'a tough set of rationalisation measurea to ensure stability. From being a laggard in the market place, the company la now far more sensitised to customer needs. It bas done this by injecting good old-fashioned common sense in the marketing arm while at the same time re-aligning the balance between research (on which there was always undue emphasia) and production. Part of this has been to ensure a stricter discipline towards prompt delivery. With the important U.S. subsidiary responding to the domestic economic revival, there should be no reason why at least £0.8m should not he possible this year, which will put the company in sight of a full recovery next year. At this level the 78p shares sell on a prospective pe of about 10 fully diluted assuming a 30 per cent tax charge, which seems just about right for an electrical stock in the first stage of pulling itself up by its bootstraps.

Southern Business makes over £700,000 at midway

BOTH TURNOVER and profits at the taxable level advanced by 30 per cent at **Southern Basiness Leasing** in the six months to March 31, 1984.

Sonthern reports that turnover for the period advanced from £2.23m to £2.91m and profits ctimbed by £164,000 to £710,000, and says that current activity together with the level of forward contracted income will produce another successful year.

The company bas a USM quote and ts engaged tn service leasing contracts involving the supply and maintenance of photocopiers and drink vending machines.

An interim dividend of 0.75p bas been declared as forecast. This compares with last year's solitary final dividend of 1.25p which was paid on taxable profits of £1.17m.

Earnings per 10p share emerged at 4.15p (3.73p) for the opening period after a total tax charge of £143,000 (£96,000) — some £124,000 of the charge relates to cbaoges in the Finance Bill concerning deferred tax.

Southern bas integrated the customers of Sussex Reprographics acquired in February this year. The originel agreement would bave brought the company 600 new customers but subsequent negotiations have halved this number, end as a result the consideration bas been cut by balf to £115,000.

Also io February the compaoy aigned a new five-year agreement with Canon (UK) for the supply of equipment.

The company's forward contracted income at March 31 bad increased by over 55 per cent to £23.5m (£15.1m).

The Maxpax drinks division continues to make steady progress, slate the directors.

● comment

With "leasing" in its title the market was obviously looking fer some guidance on bow the Chancellor's tax changes might impact on **Sonthern Business Leasing's** future profits. Because it depends more upon service leasing, just one step on from straigbt rental, raiher than financial leasing where the tax breaks reign aupreme, SBL believes that at worst its tax rate will run at around 17½ per cent. So, assuming profits top £1¼m this year—and that is a minimum target—the prospective p/e on that tax basis is around 10 at 103p and the shares sell at no more than seven times this year's likely casb flow. On the earlier forecast of a 2p dividend the yield ls under 3 per cent though there is ample room to improve on that given that virtually all the ahareholders waive their entitlement. That is perhaps sympiomatic of ihe stock's biggest problem—a lack of markeiability. Time, and possibly a few "paper" acquisitions conld sort that out.

Daejan rises sharply to £12.8m

A SHARP rise in pre-tax profits from £6.93m to £12.83m has been shown by **Daejan Holdings** for the year to the end of March 1984. The final dividend of 9.625p net raises the total from 5.75p to 12.5p.

Rents and charges receivable of this property investor and trader rose from £14.14m to £15.48m. Property outgoings also increased from £8.61m to £8.86m.

Earnings per 25p share are shown as rising from 26.48p to 45.32p.

Surplus on sales of properties and oiher income moved ahead from £6.98m to £10.71m, after wbich finance cherges took £3.36m against £4.35m, and other charges £1.13m (£1.23m).

Tax came to £5.44m compared with £2.57m, and minorlties to £5,000 (£41,000).

There was an increased transfer to capital reserve of £90,000 (£21,000) leaving group nei nrofits up from £4.29m to £7.3m. Dividends will absorb more at £2.04m against £937,000, which leaves the increase in retained earnigs ahead from £3.36m to £5.26m.

Annual meeting will be held on September 13 at Centre Point, New Oxford Street, London, at nooo.

MINING NEWS

Eleven Taiwan miners saved

BY GEORGE MILLING-STANLEY

RESCUE WORKERS have eslablished cootact with 124 miners trapped more than a mile underground in Taiwan's Mei-Shan coal mine, and report by radio that a number of the men are still alive.

By yesterday evenlng, 11 miners had been brought to safty, and only seven had been officially confirmed dead, reports Bob King in Taipei. The news of the survivors came as a surprise, as by all estimates the miners should have run oui of air about 10 hours after fire broke out 6,500 ft below ground in the maio shaft on Tuesday, trapping them and consuming their oxygeo.

Attempts by relief workers to pump air into the section of collapsed iuonet where the men are trapped have failed. The miners involved constitute about half of the workforce of the mine, which lies 31 mintes north-east of the Taiwanese capital of Taipei.

In the wake of the accident at Mei-Shan, the second mine disaster in less than a month, the Government of Taiwan has ordered the temporar yclosure of all the country's 124 coal mines.

The mines have been ordered to suspend operaiions from today to allow time for government officials to carry out safety checks, which will take at least a day.

After last month's cave-in at the Hai-Shan mine, in which 74 miners lost their lives, the government ordered safety cbecks on 40 of the country's coal mines. This led to the closure of three of the mines, the partial suspension of operations at a further seven and fines for nine executives for failing to inatal proper safety equipment in their mines.

The Mei-Shan mine, wbich is privately owned, was not required to undergo the safety checks.

Pamour Porcupine plans gold mine closures

THE WEAKNESS of the gold orice in recent months has forced Pamour Porcupine Mines, part of Canada's Noranda Mines group, to announce plans to suspend operations at three gold mines near Timmins, northern Ontario, laying off almost 400 of its 988 workers.

The mines to close are Aunor, Schumacher and the Timmins Underground, formerly the Hollinger Mine, all ageing producers with comparatively low grades and high operating costs.

Pamour Porcupine said that the decision follows a succession of monthly losses because of low gold prices. A recent programme of cost-cutting has had some positive results, but not sufficient to ensure continued operation at any of the mines.

This programme will be continued until the planned closure date of October 3, and it is still possible that the mines may be allowed to remain open if they can operate profitably and within normal safety criteria in that period.

Pamour Porcupine added that the operations of its other gold mines in the area will be monitored closely.

Tace achieves strong growth

THE half year to March 31 1984 saw pre-tax profits gaining strongly at **Tace**, manufacturer of electronic, electrical and mechanical control equipment. The interim result improved from £444,000 to £1.01m, and the directors expect the second balf to produce a "useful increase" over the corresponding £776,000.

External turnover for the half-year rose to £7.94m against £7.47m last time. Net interest charges were down considerably at £68,000 (£219,000), set against a much-improved trading profit of £1.08m (£663,000).

The directors bave declared an interim dividend of 1.5p, 50 per cent up on the previous interim. They expect to recommend a final of not less than 2.5p, against 2p.

Taxation took £321,000 (£188,000). The charge was reduced by crediting ACT of £188,000 previously written off but now recoverable against tax on current profits.

Outside shareholders' interests were £181,000 (£36,000), baving risen from a 10 per cent to a 37.5 per cent share after the September 1983 public share issue of Goring Kerr.

Profits attributable to shareholders rose to £512,000 (£220,000), and dividends cost £95,000 (£70,000). Provision for deferred taxation of £250,000 (£97,000) appeared as an extraordinary item.

There was a threefold increase in retained profit at £167,000 (£53,000), and earnings per ordinary 10p share emerged at 8.11p (3.5p).

The directors expect increased investment in applied research to yield benefits in the future as new products are developed and introduced.

● Pre-tax profits for the half-year to March 31 1984 finished well up at Goring Kerr, metal detection systems manufacturer, 62.5 per cent held by Tace. The interim result improved from £645,000 to £943,000, and the directors are confident that this year's final outcome will show a "material increase" over last year's £1.5m.

Outside turnover for the half-year rose to £3.4m against £2.34m last time. There was growth in all markets, with a particularly strong trend in North America.

After a taxation charge of £460,000 (£173,000), earnings per ordinary 10p share were 8.05p (7.87p). The directors bave declraed an interim dividend of 2.75p.

Further advanced electronic products are to be introduced in the second half, including additions to the metal detection systems range, and a diagnostic set for investigation of the unborn child.

● comment

The strong emphasis on new product development and a move up the technological scale to become less of an engineering and more of an electronic group, is changing the shape and the rating of Tace. The shrewd move of floating off its most successful company Goring Kerr on the USM last September has not only given the group £3m casb with which to look for a suitable acquisition but continues to boost the group's pre-tax profits to the tune of some £590,000 in the first aix months to March. Orders for the new range of digital dial gauges from British Indicators are reportedly strong in the U.S. Tace Industrial which makes check welghing equipment bas also won attractive orders from several food manufacturing companies. Goring Kerr, meanwhile, is adding to its range of metal detection systems and expects a material increase in profits for the year. Altogether, the group should be able to make £2.2m pre-tax for the year wbich on a tax rate of 38 per cent puts the shares up 3p at 201p, on a proapective p/e of ouly 9.3.

Leopold Joseph maintains final dividend

GROUP PROFIT for the year to March 31 1984 fell from £680,000 to £513,000 at **Leopold Joseph Holdings** after tax and transfer to reserves.

Attributable profits of this investment holding company emerged at £501,000 against £670,000 last time. Earnings per share slipped from 25.49p to 19.06p per ordinary £1 sbare, but a final dividend of 9.375p makes a total for the year matching last time's 11.25p.

The directors report that tbe changes to corporation tax and capitsl allowances have not had any serious consequences for the company as a result of its decision some years ago to restrict the bank's involvement in leasing operations.

Short-term assets and liabilities remained closely matched throughout the year, constraining profitability at a time wben margins remained slim.

All the London-based activities performed well. Foreign exchange and investment banking in particular made outstanding contributions.

The company's subsidiary in Guernsey enpoyed a satisfactory year, but could not match last year's record profits.

Totsl assets for the year rose £6m to £146m. Tbe bank's liquidity has increased, and its exposure to specific unsatisfactory leoding at home or abroad remains negligible.

COMPANY NEWS IN BRIEF

Ozalid Group Holdings, a wholly owned subaidiary of Oce-Van der Grinten NV, achieved higher profits before tax of £556,000, against £440,000, in the six months to May 31 1984.

The company, engaged in reprographics, achieved the result on turnover ahead at £18.24m (£17.87m).

The directors say that there bas been a modest improvement in sales both to home and export markets.

* * *

Net ascset value per 25p ordinary share rose from 241.8p to 245.7p in the half year to June 30 1984 at **General Consolidated Investment Trust**, having stood at 232.4p at the comparable stage.

The directors have declared an interim ordinary dividend of 2.7p (2.4p) per share, and expect the total for the current year to be not less than 8.4p. The total last time was 7.65p.

Cross revenue increased from £1.1m to £1.29m for the period, from which administration expenses took £82,501 (£72,634).

Net earnings emerged at £787,805 (£627,581), stated as 4.22p (3.36p) per share.

Gross assets after the dividend totalled £46.72m (£44.24m).

* * *

Profits of **Delmar Group** showed an improvement from £215,000 to £248,000 in the year ended March 31, 1984 from a turnover of £2.4m (£1.66m). The final dividend is the forecast 1.68p for a net total of 2.66p (nil).

After tax £106,000 (£49,000) and minorities £25,000 (£29,000), the net attributable balance is £117,000 (£137,000) for earnings of 2.31p (2.75p) per share. The company is a fabricator and extruder of rubber and plastics, end is a member of the USM.

As a result of the recent tax changes, £90,650 has been written off pre-acquisition reserves.

* * *

Pre-tax profits for the balf-year to March 31 1984 dipped at **McMullen & Sons**. This brewer, wine and spirit merchant and soft drink manufacturer bas reported a fall in the surplus from £1.17m to £927,000.

The company incurred expected additional costs in depreciation, £413,000 (£318,000), and marketing this year as a result of commissioning a new brewhouse and successfully launching a new lager.

* * *

THE offer for sale of 1.25m shares in **TDS Circuits** at 380p a share attracted over 9,800 applications for a total of 34.88m shares. Preferential applications for 11,350 shares were received from 38 employees and have been accepted in full. Over 20 per cent of employees will now be shareholders.

The remainder of the issue has been allocated as followa: applications for 100 to 3,000 shares receive 100; 3,250 to 6,000 get 200; 6,500 to 9,000 get 300 and applications for 9,500 and over will receive about 3.5 per cent. Dealings start next Thursday.

* * *

The offer for sale by **Sarasota Technology** has been oversubscribed and details of the basis of allocation will be announced today.

William Ransom

The gradual recovery which started in the autumn of 1982 continued in the second balf of the 1983/84 year at **William Ransom & Son**, resulting in a higher 12-month taxable profit of £378,000 against £266,000.

Shareholders in this manufacturing chemist are set to receive a higher final dividend of 6p (5p) which lifts the total payout by a similar amount to 7.5p.

The profits were achieved on turnover of £3.66m (£3.33m) and were subject to tax of £64,000 (£86,000), after which earnings per 10p share are shown as 20.82p (11.92p).

Taxable profits on a CCA basia were reduced to £222,000 (£137,000).

Moorgate Inv. Trust

After beginning the year with a value of 234.2p, **Moorgate Investment Trust** achieved an advance to 244.8p by midway, followed by a further rise to 256.9p for the year to the end of May 1984.

Gross revenue rose from £689,000 to £760,000. Franked income increased to £663,000 (£579,000) offaetting a £13,000 fall to £97,000 in unfranked income.

Pre-tax revenue emerged at £699,000, against £628,000, after both unchanged interest charges of £13,000.

Earnings per share came out at 10.56p (£9.32p), after tax of £207,000 (£194,000), and the year'a dividend ia being lifted to 10p (8.8p) by a final payment of 6.75p (£6.05p).

TKM growth is delayed by capital restructuring

GROWTH IS still at least a year away for Tozer Kemsley & Millbourn (Holdings), the international trading group. The group is in the midst of a major capital restructuring which has helped to produce £6.56m in pre-tax profits during 1983, compared to a loss of £6.34m the previous year.

"Until we complete the restructuring of our capital base, there's not much we can do to begin major growth," said Sir Montague Prichard, chairman of TKM, yesterday, at the annual general meeting. In the meantime, he asserted that "the company bas stepped back from the brink."

TKM's revival relies on the profitability of its automotive division, Wadham Stringer, which is looking forward to new products from Jaguar and Austin-Rover. "The automotive division is producing all the profit at the moment on which we are basing our reconstruction," said Sir Prichard.

The group's property interests in North America have been hurt by high loterest rates which bave discouraged housing starts. While Sir Prichard said that property development in Ontario is "going extremely well at the moment," he forecast that development will be finished in six years, after which TKM's interests will be dissolved.

TKM's shareholders voted unanimously yesterday to cancel the £11.38m share premium account in order to write off £11.33m in reserve deficits.

Tex recovery maintained

GROUP pre-tax profits at Tex Abrasives more than doubled for the year to March 31 1984. This manufacturer of industrial coated abrasive products achieved a result of £320,746 this time, compared with £137,958.

The directors are recommending a final dividend of 2.75p, making a total for the year of 3.5p, against 3.25p for 1983.

Turnover for the year rose to £5.51m (£5.17m). After taxation of £145,542 (£44,977), an extraordinary debit of £25,124 for currency conversion adjustment (£14,896 credit) and dividends of £77,618 (£72,074), profit retained emerged at £72,462 (£35,803).

Earnings per ordinary 10p share for the year were 7.9p (4.2p).

The much-improved result this time confirms a recovery reported in the first half, but the finish is still considerably below the record pre-tax level of 1978, when Tex achieved a £459,000 total.

Malaysian tin outputs

TIN CONCENTRATE outputs for June from the Malaysian mines follow no set pattern largely because of the impact of export retrictions imposed by the International Tin Council.

Berjuntai's production has improved from that of May but the company's total for the first two months of its current year amounts to only 229 tonnes compared with 425 tonnes a year ago. Ayer Hitam completes its financial year with a total of 1,326 tonnes against 1,161 tonnes.

Other companies to complete their financial years are Adkam with a total of 1,109 tonnes and Tongkah Harbour with 567 tonnes against 374 tonnes.

Malaysia Mining Corporation and its subsidiaries have produced 2,098 tonnes in the past five months against 2,353 tonnes in the same period of last year. Tronoh's half-year production still lags at 153 tonnes against 235 tonnes but the No. 2 dredge resumed operations on June 27.

	June tonnes	May tonnes	April tonnes
Aokam	74	54	78
Ayer Hitam	110	119	92
Berjuntai	229	196	173
MMC	393	424	423
Sungei Besi	40	36	51
Tongkah Harb.	34	36	47
Tronoh	5	7	41

In the Gopeng group, Gopeng itself has reached a nine-month total of 1,098 tonnes against 1,162½ tonnes at this time last year. Mambang Di-Awan has produced 190½ tonnes at the half-year stage against 188½ tonnes.

	June tonnes	May tonnes	April tonnes
Gopeng	110	114¾	118¼
Mambang	32½	25	23

Cons. Modder dividend

A RETURN to the dividend list with a payment of 15 rents (7.7p) is made by the South African gold-producing Consolidated Modderfontein Mines which was reopened in 1980 under the present management, Golden Dumps. Consolidated Modder last paid a dividend in 1971.

The mine bas further increased net profits in the June quarter to R6.59m (£3.38m) from R4.86m in the previous three months. This brings the total earnings for the year to June 30 to R14.7m.

During the latest quarter gold output rose in line with further improvements in gold grade (6.31 grammes per tonne) and ore milled. Unit costs fell to the equivalent of R6,674 per kilogramme of gold, or $164 per ounce, while the price received averaged R15,837 per kg, or $389 per oz.

The group's South Roodepoort did less well in the June quarter, partly because of a lower ore grade (4.31g) and the absence on this occasion of dividends received in the previous three months. Sundry income was lower and the net profit comes out at R1.35m following R1.76m in the March quarter.

Total earnings for the year to June 30 amount to R3.53m which after allowing for capital expenditure leaves an available profit of R1m. South Roodepoort is declaring two preference dividends to clear the preference dividend arrears.

IN BRIEF

Falconbridge's main and origioal nickel mine, the Falconbridge property near Sudbury, Ontario, is to be closed after 55 years of operations.

The mine, which recently claimed the lives of four men in a rockburst, has provided the Canadian company with 35m tons of nickel-copper ore over the years from a reserve of 37m tons and was recently providing about 10 per cent of the company's production.

The mine will now be cleared of all broken ore and equipment. Falconbridge says that the effects of its closure will be minimised by altered production schedules at the company's five other mines in the Sudbury area.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Anglo-American Securities, Associated Newspapers, Birmid Qualcast, Daily Mail and General Trust, George Dew, Imperial Group, A. Kershaw, Rank Organisation, Rank Precision Industries, Tribune Investment Trust, Yeoman Investment Trust.

Finals: Bromsgrove Casting and Machining, Burtonwood Brewery, Crown House, Greycoat City Offices, Philip Harris, Haslemere Estates, Hicking Pentecost, Jones Stroud, Magnet and Southerns, Mitchell Somers, Oceonics, Ratners (Jewellers), Stirling Group, Thorn EMI, Triplex Foundries.

FUTURE DATES

Interims—	
Bullough	July 19
Davies and Metcalfe	Aug 10
Evode	Aug 6
Lovell (Y. J.)	July 18
Trust of Property Shares	July 18
Finals—	
Assoak	July 25
Scottish English and European Textiles	Aug 15
Tops Estates	July 18

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Brengreen	0.7†	Oct 3	0.55	1.4†	1
H. P. Bulmer	2.66	Sept 10	2.24	4.9¶	4.2
Daejan Holdings	9.63	Sept 13	3.83	12.5	5.75
Gen. Consolidated ... int.	2.7	Aug 6	2.4	—	7.65
Goring Kerr ... int.	2.75	Aug 28	—	—	3.25
Grovebell ... int.	0.25	Aug 31	Nil	—	0.25
Leopold Joseph	9.38	—	9.38	11.25	11.25
Moorgate Inv.	6.75	Sept 3	6.05	10	8.8
William Ransom	6	Sept 17	5	7.5	6.5
Southern Business‡ int.	0.75	Aug 23	—	—	1.25
TACE	1.5	Sept 3	1	—	3

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Holders bave also received scrip in preference shares.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1983							
2nd qtr.	99.5	94.1	92	107.3	119.7	2,987	135
3rd qtr.	101.6	96.2	94	108.3	124.0	2,950	160
4th qtr.	103.0	97.3	98	110.3	151.4	2,941	162
December	104.1	98.7	101	111.0	176.6	2,946	155
1984							
1st qtr.	103.1	97.7	95	108.5	123.5	2,998	147
2nd qtr.						3,025	154
January	104.5	98.5	97	107.7	123.4	2,976	148
February	102.9	96.7	96	109.5	122.4	3,005	145
March	101.9	97.6	93	108.3	124.5	3,012	147
April	101.7	98.3		112.2	131.4	3,011	148
May				110.7	130.6	3,028	156
June						3,036	159

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1983							
1st qtr.	95.7	91.9	105.0	93.2	100.0	88.8	19.1
2nd qtr.	95.5	90.1	105.8	92.2	104.4	88.8	20.0
3rd qtr.	97.4	81.2	108.6	93.6	105.7	90.4	17.5
4th qtr.	99.2	92.5	110.1	95.3	108.4	92.3	15.9
November	98.0	91.0	110.0	94.0	104.0	92.0	18.2
December	99.0	95.0	111.0	98.0	111.0	94.0	11.1
1984							
1st qtr.	97.4	93.1	110.4	95.9	113.4	90.4	16.5
January	98.0	94.0	112.0	97.0	116.0	90.0	13.9
February	97.0	92.0	111.0	95.0	107.9	99.0	16.6
March	98.0	93.0	108.0	96.0	117.0	92.0	19.0
April	99.0	94.0	106.0	96.0	111.0	91.0	16.5

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv US$bn*
1983							
1st qtr.	102.3	104.5	+203	+1,589	+1,801	97.9	17.34
2nd qtr.	100.3	106.6	−460	−89	+1,551	98.1	17.71
3rd qtr.	99.3	106.6	−246	+829	+1,521	99.2	17.90
4th qtr.	107.4	112.7	+5	+596	+2,123	98.6	17.82
November	104.8	108.2	+71	+195	+661	98.7	18.10
December	114.3	112.1	+358	+701	+901	98.7	17.82
1984							
1st qtr.	109.5	113.2	−59	+838	+2,316	97.4	16.75
January	101.9	111.7	−324	−25	+719	98.1	17.79
February	115.4	110.2	+492	+791	+821	97.4	17.98
March	111.3	117.9	−227	+72	+776	96.9	16.75
April	104.4	122.9	−838	−599	+370	96.7	15.94
May	108.5	115.8	−319	−69	+495	96.9	15.94
June							15.51

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	Base rate %
1983							
1st qtr.	9.5	8.1	10.6	+4,456	1,174	2,520	10.50
2nd qtr.	15.3	14.6	15.0	+5,087	1,071	2,540	9.50
3rd qtr.	8.5	8.4	24.6	+1,491	2,098	2,646	9.50
4th qtr.	10.4	8.8	18.9		2,745	2,819	9.00
November	7.5	6.8	22.6	+1,413	870	959	9.00
December	15.3	15.2	11.9		888	981	9.00
1984							
1st qtr.	10.1	8.2	13.6		2,609	2,912	8.50
January	7.6	11.5	12.3		926	969	9.00
February	7.8	3.8	12.4		954	1,007	9.00
March	14.9	7.1	16.1		729	936	8.50
April	23.4	7.4	17.3		683	920	8.50
May	28.3	10.7	19.2		482	1,030	9.13
June							9.25

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1983							
2nd qtr.	148.0	123.6	124.2	333.7	306.3	272.89	84.3
3rd qtr.	150.9	124.7	125.1	338.0	310.4	288.14	84.9
4th qtr.	153.2	128.4	126.7	341.8	316.4	298.50	83.2
November	152.8	127.4	126.8	341.9	316.1	288.18	83.7
December	155.1	131.6	127.3	342.8	318.5	298.50	82.5
1984							
1st qtr.	153.6	133.5	129.0	343.9	321.7	308.67	81.7
2nd qtr.		134.1	132.0			305.06	79.8
January	152.7	133.5	128.0	342.6	319.8	295.75	81.9
February	153.7	134.2	128.8	344.0	321.4	291.34	82.2
March	154.2	132.9	130.2	345.1	323.8	308.67	81.0
April	154.4	133.8	131.7	349.7	327.3	305.89	80.1
May		134.3	132.1	351.0	329.4	312.45	80.0
June		134.2	132.3			305.06	79.4

* Not seasonally adjusted.

Over-the-Counter Market

1983-84 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	136	—	6.3	4.6	8.0	10.4
158	117	Ass. Brit. Ind. CULS	144	−1	10.0	6.9	—	—
78	56	Airsprung Group	66	—	6.4	11.4	6.1	7.5
38	21	Armitage & Rhodes	35	—	1.4	4.0	—	—
330	141½	Bardon Hill	216xd	—	8.6	2.7	12.8	21.3
58	47	Bray Technologies	47	—	3.5	7.4	5.5	7.8
201	190	CCL Ordinary	190	—	12.0	8.3	—	—
152	121	CCL 11pc Conv. Pref.	138	−2	15.7	11.3	—	—
540	100	Carborundum Abrasives	520	—	5.7	1.1	—	—
249	100	Cindico Group	103	—	—	—	—	—
69	45	Deborah Services	[illegible]	—	6.0	[illegible]	35.3	57.4
228	75	Frank Horsell	228	—	—	—	8.6	15.7
205	75½	Frank Horsell Pr.Ord.87	201xd	—	8.7	4.3	8.4	13.5
69	25	Frederick Parker	25	—	4.3	17.2	—	—
39	32	George Blair	35	—	—	—	—	—
80	46	Ind. Precision Castings	46	−1	7.3	15.8	12.7	15.8
2185	2150	Isis Ord.	2175	—	160.0	5.8	—	—
365	134	Isis Conv. Pref.	330	−5	17.1	5.2	—	—
124	61	Jackson Group	108	—	4.8	4.5	5.0	9.7
258	169	James Burrough	248	—	13.7	5.5	8.8	8.8
145	100	Linguaphone Ord.	145	—	—	—	—	—
100	99	Linguaphone 10.5pc Pf.	99	−1	15.0	15.1	—	—
425	275	Minihouse Holding NV	420	—	3.8	0.9	30.2	33.1
175	75	Robert Jenkins	75	−1	20.0	26.3	8.7	5.9
74	49	Scruttons "A"	49xd	—	5.7	11.6	5.6	8.8
120	81	Torday & Carlisle	75	—	—	—	8.4	17.7
444	385	Travian Holdings	403	—	[illegible]	[illegible]	[illegible]	[illegible]
38	17	Unilock Holdings	18	—	[illegible]	[illegible]	[illegible]	[illegible]
92	65	Walter Alexander	82	—	6.8	8.3	6.3	8.5
276	226	W. S. Yeates	246	—	17.1	7.0	5.5	11.7

BIDS AND DEALS

Major Wm. Leech holder spurns £21m Beazer bid

BY RAY MAUGHAN

THE BOARD of the Foundation, acting for five charitable trusts, which controls 29.7 per cent of William Leech yesterday decided that it would not accept the £21.45m bid by C. H. Beazer (Holdings) for the north-east-based housebuilding group.

The Foundation's verdict, delivered at a meeting at its offices in Newcastle, strengthend the City's growing suspicion that Beazer's terms have little or no chance of success.

Mr Richard Adamson, chairman of William Leech, serves on the Foundation board, and while he took not part in the outcome, he said that the conclusion reached by the other members was unanimous.

Beazer a Bath-based construction and housing company, had already identified the strategic importance of the Foundation's stake to the outcome of the offer. Last week it pointed out that the 145p per share cash terms valued the trusts' aggregate holding at £6.46m whereas, at the low point last year, the holding was worth only £1.78m.

But Mr William Leech, president of the company which bears his name and chairman of the Foundation board, holds the power of veto over the trusts and has already intimated that he would not be in favour of Beazer's revised and final offer. The bid closes on July 20 and will not be extended.

The bidder has so far forgone the option to build on its initial 12.8 per cent stake in Leech—the disclosed response to its first shot was minimal—and Leech's shares have drifted to a marked discount to the cash offer value over the past week or so as investors took the opportunity to sell in the market.

The Leech price, however, was unchanged yesterday at 124p despite the Foundation's eventual decision and the further Base Rate movement which is now thought certain to add substantially to the cost of housing finance. Beazer's shares, by contrast, dropped 8p to 328p which values the equity alternative offer at just over 133p per share.

Fenner bid rumour 'unfounded'

BY ALEXANDER NICOLL

THE SHARE price of J. H. Fenner, the Hull engineering group which is the target of a bid from Hawker Siddeley, rose 2p yesterday to 146p amid market speculation that Hawker would increase its offer. But the speculation was understood to be wide of the mark.

Hawker is offering two of its own shares plus 405p in cash for every nine Fenner shares. At yesterday's closing price for Hawker of 411p, down 4p, the offer values Fenner at 136p per share, or a total of £41.55m.

Fenner is opposing the bid, and its defence document is due next week. It is expected to argue—and some City analysts agree—that the bid undervalues Fenner, given the recovery potential for capital goods orders. In the short term its important National Coal Board business has been affected by the miners' strike.

It was understood yesterday that an increased bid from Hawker was most unlikely at this stage. The bidder believes its arguments, especially concerning the level of Fenner's borrowings, still hold. No candidates have so far been tipped as potential competitors for Fenner.

Dealing in Fenner's shares was said to be narrow yesterday. The 146p close compared with an earlier low of 139p.

Jivraj's Rushlake Invs. increases Rowton holding

MR NURDIN JIVRAJ, the Asian hotelier, has increased his holding in Rowton Hotels in advance of today's shareholders' meeting.

Rushlake Investments, in which Mr Jivraj has a 50 per cent stake, has bought a further 158,900 shares in Rowton taking its interest to nearly 1.1m shares, equal to 28.81 per cent of the equity.

Rowton's board is currently split with two directors, who formerly represented the large Gresham House holding, attempting to oust some of the other directors and replace them with a board with greater experience of managing hotels.

Shareholders will be called to vote on these proposals at today's meeting.

Mr Freddie Stirling, who has 16,000 shares, and Mr Roland Rowe, who has none, have stayed on the board in a personal capacity to press for these changes.

Mr Jivraj said yesterday he had been in talks aimed at achieving a *peaceful solution* to the dispute. He had not however held any talks with Mr Nazmu Virani, another Asian hotelier, who has a 15 per cent stake in Rowton.

W. E. Norton

Mr Stewart Jamieson, who recently stepped down as chairman of W. E. Norton, has sold 13m shares—11.2 per cent of the company—for 4p each to about seven institutional investors. Mr Jamieson expects to dispose of his remaining holding of about 5m shares to institutions within the next two to three weeks.

Mr William Fitch, a Belfast accountant and "company doctor," has become chairman. Norton's shares fell ½p yesterday to 5½p.

Amos Hinton

Amos Hinton, commenting on a recent rise in its share price, has said it recently received a request from a party which wanted to discuss a merger, but that there is no assurance that any transaction will take place. Shares in the food retailing company rose 7p yesterday to 305p, valuing it at £16.8m.

Hawley to expand in U.S. with $9m deal

By Alexander Nicoll

Mr Michael Ashcroft's Hawley Group is expanding its already substantial office cleaning business by acquiring a cleaning company active in the north-eastern U.S. for a maximum of U.S.$9.3m (£7.2m).

Mr Paul M. Verrochi, the current owner of Omni Building Services, will remain president and chief executive after its acquisition. Omni, which trades as Suburban Contract Cleaning, operates in Massachusetts, Rhode Island and Connecticut.

Hawley has been eager to stress that, despite its various investment interests, it remains committed to three core businesses—property protection, home improvements, and cleaning and maintenance services.

In the UK, it owns Provincial Cleaning Services. Its U.S. holdings in the same field comprise Oxford Services of Atlanta and a 40 per cent stake, through Security Corporation of America, in National Cleaning Contractors.

Hawley said the new purchase was an integral part of its geographical expansion into new areas in the U.S. Oxford Services operates mainly in the Southern and South-eastern states, while National Cleaning is concentrated in the north.

The acquisition of Omni, which is based in Boston, would make Oxford the fifth largest office cleaning company in the U.S., said Mr David Bates, a Hawley director.

Hawley will make an initial payment of $6.9m, of which $3.3m is in cash and $3.6m in a convertible note redeemable over three years, with an option to convert into a maximum of 2.9m Hawley shares at 100p per share. Hawley shares closed yesterday at 67p, down 5p.

Hawley will also pay up to $2.4m in cash instalments if pre-tax profits of $5m are achieved in the three years to May 1987. In the eight months to the end of May 1984, pre-tax profits after adjustments for non-recurring costs were $660,000.

Midsummer

Greene King, the East Anglian-based brewer, has bought an additional 4,000 shares in Midsummer Inns, the real ale brewers, increasing its holding to 67,528 shares or 7.72 per cent. Greene King paid 225p for each of the shares.

Swithland Leisure, a privately held company, is offering 215p in cash for each Midsummer share. Midsummer is fighting the bid.

BIDS AND DEALS IN BRIEF

Leisure Development has acquired Ragdale Hall Health Hydro from S. M. Leisure, a wholly owned subsidiary of the Argus Press Group, for a total consideration of £1m.

The company is to spend a further £250,000 on refurbishment. Ragdale Hall, which is a health hydro, based near Melton Mowbray, Leicestershire, comprising of 50 bedrooms and a wide range of health and beauty facilities.

* * *

Tate & Lyle announced today that it has agreed to sell 72 per cent of its present shareholding in Belize Sugar Industries (BSI) to the Government of Belize and other Belizean interests. The Government already owns 3 per cent of BSI shares through the Development Finance Corporation Investment Company.

Tate will retain a 25 per cent shareholdings in BSI and will have an ongoing management contract.

* * *

Unochrome Industries, a subsidiary of Eastern Produce, has agreed terms for an offer for Silverthorne Group. U.I. currently owns 2.98m Silverthorne ordinary shares (85.1 per cent).

The terms are 50p cash for every Silverthorne ordinary. The offer values the shares at £260,763, to be provided from UI's own cash resources.

Fred S. James & Company the insurance brokerage subsidiary of Transamerica Corporation, has acquired the remaining 35 per cent of Wigham Poland Holdings, previously owned by the Thomson Organisation.

* * *

Chelbank Properties, a company controlled by the C. Selmes Charitable Trust and an associate of Bajau, purchased 105,000 Glanfield Lawrence ordinary shares on July 9 1984.

* * *

Henlys, the garage group in which Hawleys Coleman Milne has a 28 per cent stake and the Bank of Scotland 29 per cent, has sold a boat hire subsidiary for £1.01m cash as part of its restructuring programme. The business, based in the Norfolk Broads, was sold to Herbert Woods Group.

* * *

IN THE circular re the acquisition of Lyndale Textile Rental, the directors of Sunlight Service Group state they have given consideration to the likely level of dividend they might be able to declare at that time. They believe the payment will be not less than 1.38p (net) per share, compared with 1.2p (net) for the same period last year.

* * *

Glynwed Engineering, a subsidiary of Glynwed International, has purchased plant, stocks and other assets of Prestwich Parker (Fasteners), a subsidiary of Prestwich Parker Holdings, for £270,000 cash plus an amount expected to be in the region of £30,000 in respect of raw materials and work in progress.

BASE LENDING RATES

Bank	Rate
A.B.N. Bank	12 %
Allied Irish Bank	10 %
Amro Bank	12 %
Henry Ansbacher	12 %
Armco Trust Limited	12 %
Associates Cap. Corp.	10 %
Banco de Bilbao	12 %
Bank Hapoalim BM	12 %
BCCI	10 %
Bank of Ireland	10 %
Bank of Cyprus	10 %
Bank of India	10 %
Bank of Scotland	12 %
Banque Belge Ltd.	10 %
Barclays Bank	12 %
Beneficial Trust Ltd.	11 %
Bremar Holdings Ltd.	10 %
Brit. Bank of Mid. East	12 %
■ Brown Shipley	12 %
CL Bank Nederland	10 %
Canada Permn't Trust	12 %
Cayzer Ltd.	10 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12 %
Choulartons	12½%
Citibank NA	10 %
Citibank Savings	¶9¾%
Clydesdale Bank	10 %
C. E. Coates & Co. Ltd.	11½%
Comm. Bk. N. East	10 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
The Cyprus Popular Bk.	10 %
Dunbar & Co. Ltd.	10 %
Duncan Lawrie	12 %
E. T. Trust	12½%
Exeter Trust Ltd.	10½%
First Nat. Fin. Corp.	11 %
First Nat. Secs. Ltd.	10 %
Robert Fraser	10½%
Grindlays Bank	12 %
■ Guinness Mahon	12 %
■ Hambros Bank	10 %
Heritable & Gen. Trust	12 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Hongkong & Shanghai	12 %
Kingsnorth Trust Ltd.	10 %
Knowsley & Co. Ltd.	12½%
Lloyds Bank	12 %
Mallinhall Limited	10 %
Edward Manson & Co.	13 %
Meghraj and Sons Ltd.	12 %
Midland Bank	12 %
■ Morgan Grenfell	12 %
National Bk. of Kuwait	12 %
National Girobank	9½%
National Westminster	12 %
Norwich Gen. Tst.	12 %
People's Tst. & Sv. Ltd	10 %
R. Raphael & Sons	10 %
P. S. Refson & Co.	12 %
Roxburghe Guarantee	10½%
Royal Trust Co. Canada	10 %
■ J Henry Schroder Wagg	12 %
Standard Chartered	‖12 %
Trade Dev. Bank	10 %
TCB	10 %
Trustee Savings Bank	10 %
United Bank of Kuwait	12 %
United Mizrahi Bank	10 %
Volkskas Limited	12 %
Westpac Banking Corp.	10 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Wintrust Secs. Ltd.	12 %
Yorkshire Bank	12 %

■ Member of the Accepting Houses Committee.

* 7-day deposits 8.5%. 1-month 7.25%. Fixed rate 12 months £2,500 10% £10,000. 12 months 10.25%.

† 7 day deposits on sums of under £10,000 6½%, £10,000 up to £50,000 7½%, £50,000 and over 8%.

‡ Call deposits £1,000 and over [illegible].

§ 21-day deposits over £1,000 [illegible].

¶ Demand deposits [illegible].

‖ Mortgage base rate.

APPOINTMENTS

Senior posts at Barker & Dobson

BARKER AND DOBSON has made the following appointments: Mr Bill Kenyon, chief executive, has become executive chairman and Mr Paul Stewart, a director, has been appointed group managing director.

*

director of the HENDERSON GROUP'S industrial door division, Henderson Doors, has been appointed to the board of the parent company. Mr Robin Saxby has joined the group from Motorola as managing director of its security division.

*

ULTRAMAR has made two board appointments: Mr Robert Bland, a senior vice president of American Ultramar is in charge of the group's oil and gas exploration and production activities. Mr William Sheptycki is managing director of Ultramar Exploration's exploration and production companies in the North Sea, Europe and Africa.

*

Mr Richard Mason has been appointed executive director of the BRITISH INVISIBLE EXPORTS COUNCIL. He is on secondment from the Bank of England. Miss Gaye Murdoch has been appointed a director of the Council.

*

Mr Peter Hammond, managing director of EROS MAILING, has been appointed to the EDMAN COMMUNICATIONS GROUP board. He joined Eros as marketing director four years ago and became managing director a year later.

*

Professor John Ashworth has been appointed chairman of the NATIONAL ACCREDITATION COUNCIL FOR CERTIFICATION BODIES which has recently been established under the Royal Charter of the British Standards Institution. The appointment is for an initial three-year period.

*

In April 1985, Mr John Denton will retire as managing director and chief executive of THE NICKERSON SEED COMPANY, but will continue as a director. Mr T. M. Skelly will be appointed managing director and chief executive in his place. Mr Skelly is managing director of Nickersons Seed Investments responsible for the development of the group's UK and Continental European business in cereals, forage and allied agricultural crops.

*

Mr David Cosserat, one of the founder members of D. M. England and Partners, has become chairman and managing director of INFA COMMUNICATIONS. Mr Peter Cruttwell has been appointed finance director and Mr Colin Snow sales and marketing director.

*

Mr Chris Garnett has been appointed chief executive, OH PARTCO EUROPE, a wholesaling company within the Quinton Hazell Group. He was previously operations director, Unigate Dairies.

*

THE LONDON ELECTRICITY BOARD has appointed Mr Ian R. Beament its engineering director. He has been construction and operations engineer for LEB since 1983. Mr Beament succeeds Mr Ken Harvey, who was promoted to deputy chairman of LEB in May.

*

AMPEP has appointed Mr Peter Mallender as sales director. He is currently marketing and sales director of Rose Forgrove and Rose Bearings.

*

DER has appointed Mr D. M. Stringer as head of finance and company secretary. Mr Stringer was financial controller of Towler Hydraulics Group, a subsidiary of Thorn EMI.

*

Mr Peter Atkinson has been appointed treasurer and Mr Michael Conras financial controller at EXCO INTERNATIONAL.

*

Mr Alastair C. Gowan has been appointed to the board of JOHN BROWN. Mr Gowan is based in Warwick, Rhode Island, U.S. and is responsible for the John Brown plastics machinery, textiles machinery and automation companies worldwide.

*

Mr Ian A. Duncan has been appointed corporate finance director of F. H. TOMKINS. He was previously finance director of Pentos and treasurer of Avis-rent-a-car.

*

The board of VIKING INTERNATIONAL has been restructured as follows: Mr Rick Conley has become deputy managing director, responsible for group finance and accounting; Mr Nigel Jenkins has been made marketing director for all group travel products; Mr Terry Brown has been appointed operations director, responsible for Unijet and co-ordinating aircraft seat purchases; Mr David Waterland is administration director and company secretary; and Mr Clive McLintock a non-executive director representing Barclays Development Capital.

New board appointments for Viking International subsidiaries are Mr Ian Jones as sales director of Viking International Air Chartering and Mr Martin Cooper as director of Viking International Travel.

BUSINESS LAW

Bankruptcy and economic survival

By A. H. HERMANN, Legal Correspondent

THE CONFERENCE of European Ministers of Justice, organised every second year by the Council of Europe, is better known for discussing terrorism, the death penalty, genetic engineering and international organised crime than for giving a lead in the reform of business laws. But this year's conference, held in Madrid in the last days of May, was different. Of the five resolutions which it adopted, the first concerned recent trends and future prospects of bankruptcy law.

The resolution instructed the European Committee on Legal Co-operation to attempt a harmonisation of the principles guiding insolvency proceedings in the 21 member states of the Council of Europe. The conventional bankruptcy and insolvency proceedings aiming at liquidation of the failed enterprise for the benefit of the creditors, as well as the newly emerging concept — variously called rehabilitation, restabilisation or reorganisation—aiming at the survival of the enterprise in the interests of the debtor, of the creditors and of the economy at large, should be taken into account.

The second task which the conference gave the committee was to tackle the numerous problems arising when the debtor has creditors and assets in another state than the one in which proceedings were instituted.

This is a relatively meagre result in view of the fairly ambitious report presented by the *Swiss delegation, with its* emphasis on the need for new procedures to prevent insolvency and to enable an enterprise to survive it, if viable. That approach was supported by reports presented by France, Germany and Spain.

Curiously, the conference was not reminded of the Cork report which did such pioneering work in this field. The modesty of the British delegation, headed by Mr Leon Brittan, the Home Secretary, was perhaps due to the fact that only a few of the less important Cork proposals survived in the Government's White Paper. The UK was not the only reluctant participant in these discussions. Some delegations doubted that harmonisation was possible at all and, more particularly, were shy of any proposals which would deprive the taxman and public agencies of their privileged position.

Government moves to ease the international problems of insolvencies have been concentrated exclusively on conventional bankruptcies ie where there has been a liquidation of the failed enterprise. The most ambitious attempt in this field is the EEC draft convention of 1980, but this is still a long way from becoming operative. Within the limited compass of the Community, the convention would remove at least some of the restrictions, which most countries' legislation imposes, following the territorial principle.

The exceptions are Belgium, Luxembourg and Portugal, which adopt the principle of a universal bankruptcy embracing also creditors and assets in other countries. Elements of *this are to some degree present* also in the Austrian, French and Nordic laws. There is a long history of bilateral agreements trying to overcome the difficulties, the latest being those concluded by Austria with Belgium and France.

> **Most European countries share these views:**
> - **conventional insolvency procedures are quite inadequate and often lead to the collapse of viable companies;**
> - **traditional composition procedures are not flexible enough;**
> - **available deferment procedures can be frustrated by the veto of a single creditor and, if successful, often benefit dishonest debtors;**
> - **there is urgent need of new confidential and friendly preliminary procedures leading to restabilisation of viable companies.**
>
> **The heritage of Roman law, still surviving in all bankruptcy laws, has become an obstacle to finding a new solution.**

However, the improvement of legal techniques, whether by bilateral agreements or a convention, will leave untouched the real problem posed by the wholesale destruction of small and medium-sized enterprises—and some big ones as well—in the course of the recession. The U.S. provides the lead in a new approach which puts reorganisation of the business above the wish to punish the insolvent debtor, and even above the short-term interests of some of the better secured creditors.

But the Cork Report is not the only echo of Chapter 11 of U.S. Bankruptcy Code in Europe. A new bankruptcy act which has been in force in Austria since January 1983 is biased in favour of restabilisation rather than liquidation. A Belgian bill, introduced last year, would establish a commercial investigation department in every commercial court. This would convene creditors and, if necessary, appoint a consultant to assist the debtor in running his business until an agreement with the creditors had been reached.

In Spain new legislation would provide for composition and supervised management as an alternative to liquidation. Similarly, the French reform of insolvency law, consisting of four acts of which the first is already on the statute book, will enable the court to appoint a conciliator to negotiate deferments and the adoption of a recovery plan. The Swiss draft bill of 1983 provides for a confidential procedure enabling companies to ask for a moratorium earlier than they do at present. There would also be room for an administrator with considerable powers to *help the restabilisation of the* business.

The German economy has been hit particularly hard by the inadequacy of the conventional insolvency law. In three-quarters of all insolvency cases—and there were 16,119 in 1983—proceedings could not even be opened because there were no assets to cover the costs. Only about 15 per cent of all bankruptcies received the full treatment, but practically nothing resulted from these proceedings for the unsecured non-preferred creditors. Composition proceedings, which are usually kinder to this type of creditor, took place in less than 1 per cent of all insolvencies.

The economic and political consequences of this collapse of traditional methods obliged the Bonn Government to authorise a major rethink. An independent commission — the opposite number of the Cork Committee—was appointed in 1978 and is expected to report before the end of this year. The Ministers of Justice and the Home Secretary, assembled in Madrid, received a preview.

Although German law does not have the equivalent of the floating charge, German lawyers have so far developed the reservation of title and security interests in movables that these achieve almost the same as a floating charge, to the detriment of the unsecured creditors. According to a 1975 study, the creditors benefiting from the German equivalent of the floating charge received 88 per cent of the assets, and of the rest 9 per cent was taken by priority creditors.

The Commission will propose that the secured creditors should no longer be able to dispose of their securities directly without participating in the bankruptcy proceedings. The disposal will be in the hands of the administrator, who should be authorised to make a fixed percentage deduction from the proceeds to contribute to the bankruptcy costs. The Cork Report wanted to achieve something similar when proposing a 10 per cent reduction of the secured debts in favour of the unsecured creditors. The German Commission will also propose that statutory preferences, particularly those of the taxman, should be removed, and that back-pay for the period prior to insolvency should be covered completely by insurance financed by a levy.

An important element of the German plan is to remove the veto of the individual creditor. The vote on the reorganisation would be taken in groups, and a reduction of the claims secured by moveables will require the consent of only 80 per cent in that group. In the case of unsecured creditors, the consent of only 60 per cent will be required. Claims secured by mortgage will remain outside this procedure, but both the work council, representing the employees, and the shareholders will be represented on a consultative committee appointed by the court. However, unlike some other European projects, the German proposals centre on the activities of the administrator. The court will decide only on disputed claims and supervise the procedure. It will make no commercial decisions of its own.

Many people think that the Germany economy has done so well because the relatively large number of small and medium-sized firms gives it greater flexibility and its industrial relations system avoids conflicts as much as possible. The bankruptcy law reform will, if adopted, further strengthen, or at least tend to preserve, these advantages. The reform proposed in the UK Government's White Paper will allow the destruction of Britain's small enterprises to continue.

FINANCIAL TIMES SURVEY

Thursday July 12 1984

ISLE of MAN

Important changes are under way

THE Isle of Man is in a state of change. After the banking problems of the past couple of years there are moves to provide a more sound political and econnmic base.

By Anthony Moreton

On the financial front these changes have already taken place and are bearing fruit.

The Financial Supervision Commission, set up to oversee the banking and insurance field, is in place and working to the satisfaction of all, not least to the London anthorities who were disturbed at the lack of control over companies operating in the nearest offshore tax haven to the UK.

Industrially, too, there are changes. The island's strong pitch for more industry is being accompanled by imaginative moves: a freeport; a drive to attract people from overseas centres such as Hong Kong.

But it is on the political front that the greatest change is apparent. The Isle of Man is an independent state, though its links with the UK are close. As a Crown Dependency it owes allegiance directly to the Sovereign but in practical matters, sucb as foreign affairs, defence and tax gathering, Westminster is the dominant authority.

Because of the nearness of big brother in London, the political system that emerged is one more geared to the running of a local anthority in the north of England than an internationally-recognised financial centre. Each of the main arms of government—agriculture, finance, tourism and so on—has been responsible only to itself. There was no central co-ordinating body, or person, who could pull all the strands of government together.

The chairman or members of one board could, and sometimes did, urge one policy in committee and then vote against it wben the matter was debated in the House of Keys, the popularly-elected legislature. Those who watched such quixotic behaviour were told that this was "the way we like things done bere."

So long as the island was content to remain a "backwater," this did not really matter. But with the decision in the early 60s to reverse the long social and economic decline by seeking international capital and by turning itself into a tax haven, the island joined a different league.

Subsequent developments, which have seen the Isle of Man become an important offshore financial centre, have occurred despite tbe system rather than because of it. With the collapse of Savings and Investment Bank and the donhts which this cast on the financial infrastructure, it became apparent that the political structure also needed changing.

At last a system of ministerial responsibility is emerging. The need for a figurehead to whom others can report and who can, in turn, insist on more central co-ordination of government is admitted.

Whether such a figurehead eventually receives the title of prime minister or premier, or whatever, is almost irrelevant, though when dealing with sophisticated financial centres such as Zurich, Wall Street or Hong Kong it is useful for foreigners to know that the man to whom they are talking has clout.

What is important is that the Government sbould act with corporate responsibility.

Viewpoint

At the same time there is emerging on the island a stronger feeling that the links with the UK Government should be reduced to an absolute minimum. There has always been a minority urging greater independence for the island, for it to have a status akin to that of Jersey or Guernsey, but it has always been a minority view. It may still be a minority view but the chances are that if there were a poll about the link there would be a majority in favour of, rather than against, continuing it.

That link is maintalned through an arrangement called the Common Purse Agreement. Under the CPA, Britain looks after the island's defence and foreign representation and collects certain revenues on its behalf, such as customs and excise dues, and in return pays back to the island's exchequer a proportion of those dues together with some other incomes. In return, all indirect taxes on the island are the same as those in mainland Britain. VAT is 15 per cent, for instance, and cusloms' dues are the same.

Over the past five years there has been an easing of this agreement; VAT collected on the island is now paid to the Manx treasury with the exception of those bodies, such as British Telecom, which collect the money centrally. The island has also renegotiated the CPA so that the treaty can be abrogated at three months' notice.

Many in the island now want to serve such notice on the Home Office and they were given a powerful fillip by Mr Nigel Lawson, Chancellor of the Exchequer, when be levied VAT on take-away meals and some building work in this year's UK budget.

The island view on abrogation has previously fallen ioto two schools—the industrialists, who were against it, believing it would cut them off from their UK market, and the tourist industry which believed lower duties on cigarettes and drinks would attract more holidaymakers to their declining sector.

The extension of VAT angered islanders because they felt it might be further extended in some way that could be detrimental to their economy and without their agreement. Today, many people believe that the Manx economy is strong enough to sland on its owo and does not need any propping up from Whitehall.

One other move, on income from the North Sea, has also helped the abrogationists' cause. Until 1983 the island shared in the taxation of oil wells. But with the abolition of royalties on new wells the island only gets a share of the income from royalties on existing wells. Since it gets nothing from petroleum revenue tax it felt cheated by Westminster's action.

Fishing is another matter wbicb bas added a twig to the fire. A report advocating a 12-mile limit, a useful belp for another battered Manx industry, has been blocked in London and with the farmers disenchanted by British farm policy, particularly oo milk, there is a growing feeling that the moment has arrived to cut some or all of the political links.

Strangely, this political flux has come at a time when the economy is flat and struggling to lift itself. Mr William Dawson, the Manx Treasurer, in his annual review of the natiooal income accounts for 1981-82, the latest available, stated baldly that the island's income per head "remains among the lowest in Western Europe."

Expectations of higher standards of living and improved provision of public services, he stated, were unlikely to be fulfilled "unless the performance of the economy improves significantly."

Despite that warning, the island has done better than the UK in one respect. Uncmployment, which has gone up to around 2,000 in winter, out of a total population of some 60,000, has been considerably lower than in the UK, the winter winter peak representing some 8 per cent of the working population.

Income

Unfortunately, though, both the two main cootributors to the economy, financial services and manufacturing, are in decline. After some years of growth, maoufacturing's share of national iocome dropped in 1981-82 to 14.7 per cent from the previous year's 15.5 per cent. And the financial sector only accounted for 22.7 per cent from a peak of 29 per cent four years earlier.

There is also some concern that such growth in deposits as there is is coming much more from non-UK sources rather than from the UK itself. It is felt that non-UK deposits are more volatile and any hint of the reintroduction of exchange control by the British Government would lead to a large and sudden influx of capital from the island.

There was strong belief when Mrs Margaret Thatcher and the Cooservative administration was returned at the 1983 election, relief that has since been tempered by disappointment over the VAT legislation.

Ironically, Conservative Governments jo Britain tend to coincide with net eoiigration from the island as the tax refugees, largely older people, return to take advantage of a "softer" tax regime in the UK.

Furniture removal men, a sensitive indicator, report they are more often going full to Liverpool and returning empty to Douglas, which would confirm iodications that the population is falling and the tax emlgres returning home.

Although the lessons of the past have been learned in banking, with the satisfactory working of the Financial Supervision Commision, headed by two officials from London, one concerned with banking, toe other with insurance, there is still considerable apprehension about what the official report into the collapse of Savings and Investment Bank will say.

The report has already taken much looger—two years—than most people expected and cost some £800,000 against an initial budget of £100,000.

As is the way of the world, all those who can dissociate themselves from it are eagerly doing so, leaving a few to shoulder the blame, even before the report officially allocates it.

The report is expected in the autumn and will certainly be accompanied by a shake-up in the lines of respoosibility within the financial sector, continuing the changes inaugurated with the setting up of the Financial Supervision Commission.

Dr Edgar Mann, chairman of the finance board, has strong views on how this shake-up might be considered. If he manages to persuade the legislature of his plan then the island will be on course for a change in its main political and financial institutions, which would be a radical step for an essentially conservative country to take.

MANX INCOME BY SECTOR

	1979-80		1980-81		1981-82	
	£000	%	£000	%	£000	%
Manufacturing ...	22,155	14.1	24,998	15.5	22,595	14.7
Finance	33,808	21.6	37,209	23.0	34,964	22.7
Tourist industry	18,986	12.1	16,225	10.0	14,671	9.5
Constructien ...	15,081	9.6	15,800	9.8	13,719	8.9
Agriculture	4,060	2.6	2,329	1.4	1,597	1.0
Public adminstn.	8,619	5.5	11,629	7.2	12,444	8.1
Other services ...	54,000	34.4	53,312	33.0	53,808	35.0
Total	156,709	100.0	161,502	100.0	153,795	100.0
Net income from abroad	10,297	6.2	14,632	8.4	16,502	9.9

Source: Manx Treasury.

Castletown, a former seat of government of the Isle of Man, is now a popular venue for tourists

The Isle of Man is an independent state with close links with the UK. It has become an important offshore financial centre, having reorganised its infrastructure after the problems of recent years. The island is also entering a period of political flux.

IN THIS SURVEY

CONTENTS

An elaborate new regulatory structure is helping to restore confidence in the financial sector

Banking image starts to improve

TWO YEARS have now passed since the Douglas-based Savings and Investment Bank dealt the Isle of Man's hopes of becoming a banking centre an enormous blow by collapsing with more than £40m of depositors' money. And time has proved a slow healer.

Today, the island's financial scene is still dominated by the fall-out from that fateful event: hundreds of angry depositors who have yet to see a penny are blaming the Manx Government for the failure, hearings on a barrage of lawsuits have barely begun, and, worst of all in many people's view, the full facts behind the whole affair have still not been disclosed to the public at large.

By David Lascelles

But if SIB and the other bank failures that followed could hang like a cloud over Athol Street, Douglas' financial district, for some time, the Government of Dr Edgar Mann has been busy trying to correct the failings that allowed it all to happen: the virtual vacuum in banking supervision has been filled by an elaborate new regulatory structure, and a vigorous effort is underway to clean up the island's image abroad.

By one gauge, at least, public confidence in the Island's 40-plus banks seems to be improving: deposits have been rising strongly, by nearly 50 per cent since the SIB collapse to some £1.7bn, which prompts Dr Mann to claim: "The atmosphere now is one of confidence."

New arrivals

Much of the money seems to be flowing to the big banks, like the local subsidiaries of the British clearers. But Allied Hambro, the UK investment and banking group and one of the few new arrivals, has picked up £4.5m in deposits since it launched its operation three months ago.

"It's much more than we expected," said Mr Calvert Hassard, who runs it.

The Manx Government will not be able to claim, though, that the scandals are a thing of the past until the results of the two investigations—one by seconded Bank of England officials and another by the liquidators of SIB—are published.

Tha Bank report was completed 18 months ago but is still under wraps, though it is widely believed to be strongly critical of the island Government's handling of banking supervision. The other, which examines the causes of the collapse of SIB and was ordered by the judge hearing the lawsuits, will be presented this autumn.

The Manx Government is under intense pressure to reveal their contents. "We have got to clean out the cupboard," said a local banker. Even banking officials admit that their efforts to beef-up supervision will lack credibility if the Government seems to be hiding something.

But the Government is in a bit of a cleft stick: its senior members are not only trying to clean up the banking scene, but are also, themselves being sued by SIB depositors.

Among other things, this has made it hard for them to submit to questioning by the investigators. Both reports could, however, be made public by the end of this year.

If the handling of SIB has damaged the island's reputation abroad, it has also left a legacy of bitterness among the Manx population where everybody knows someone who lost money, or lost money of their own.

"If you're honest over here, you seem to be a bit of a mug," complains Mrs Frances Harper, a housewife who lost her life savings of £20,000 and is now the vocal leader of a group of depositors.

The SIB report is expected to make recommendations on ways of tightening up banking regulation.

"We shall take the recommendations seriously," promises Mr Jim Noakes, the former Bank of England official who was appointed banking supervisor after the SIB collapse, "though we are fairly confident that there won't be many that we haven't considered or are in the process of acting on already."

The island's banking act has already been toughened up, and responsibility for banking supervision transferred from the Treasury to a newly-appointed Financial Supervision Commission. New conditions for licences come into force this month, and guidelines are being drawn up in consultation with the banks covering such things as disclosure, operating ratios and management suitability.

Insurance

From now on, banks must also be audited by accountancy firms with professional indemnity insurance of at least £10m, which effectively rules out many of the smaller firms who scrutinised the banks' books in the past.

Not surprisingly, the big international firms see business opportunities: Touche Ross and Coopers and Lybrand have set up shop in the past year or so, joining Peat Marwick Mitchell who have been there for some years.

"We want to create a framework for supervision so everyone knows what the rules of the game are," says Mr Noakes. Some bankers are, in fact a little alarmed at the extent of the crackdown — "overkill" is a widespread reaction, though as one banker admits, "they are very professional here now."

The new rules are being drawn up in the context of the Basle Concordat, the agreement among international banking supervisors designed to ensure that no bank escapes supervision. The Isle of Man belongs to the group of offshore banking supervisors who meet under the auspices of the Basle Committee.

One issue that cannot be addressed so long as there are SIB lawsuits against the Manx Government is whether to set up a depositor protection scheme. Officials are worried that any initiative would suggest the government bore some responsibility for the earlier losses, though there seems to be support for the idea, at least among the smaller banks.

The clearers are less enthusiastic — "the best form of protection is good supervision," said one of them.

But if the Isle of Man is striving to fortify the foundations of a flourishing financial services industry, what shape will it take?

"We are interested in quality, not quantity," said Mr Noakes. "We want to encourage established licence-holders to do more, so we have more depth to the market."

But what with the rapid changes that are taking place in banking, Mr Noakes says the whole definition of a bank is becoming fuzzy, "and I would not regard it as a failure if we did not get more banks, but more fund managers instead."

At the moment the scene is dominated by the UK clearers, headed by the Isle of Man Bank, the subsidiary of NatWest which, with a balance sheet of some £240m is several times as big as its nearest rival, and acts as the Government bank.

But there are limited opportunities for a bank of that size on the island, and only a quarter of its funds are lent out locally, the rest going into the inter-bank market in London.

"We must ask ourselves what our objectives are," said Mr Mark Solly, director of the new Financial Supervision Commission. "Are banks here just deposit gatherers?"

In fact many of the banks on the island, which include most of the Irish, Scottish and British banks, as well as London merchant banks, use the island as a base to collect offshore deposits, handle expatriates' funds and run trust and fund management businesses away from the UK tax regime. It is a similar market to the Channel Islands. But the Isle of Man is trying hard to differentiate itself: there is more space, costs are lower, and the basis has now been laid for a sound banking system, is the refrain from civic boosters.

Superior

Mr Charles Cain, a member of the House of Keys and a specialist in international taxation, claims that the Isle of Man company and trust law is superior to the Channel Islands.

"We can do things here they can only dream about," he says. Mr Cain believes U.S. banks are showing interest in the island, which would certainly raise its international standing.

In his latest budget, Dr Mann announced that the island would not match the UK in obliging banks to pay interest net of a composite rate of tax. He will also leave capital allowances unchanged to encourage the leasing business. Both moves were small but nonetheless deliberate signs that the Douglas Government intends to protect whatever tax advantages exist locally for banks.

The island's hopes of attracting UK building societies to open local subsidiaries to gather deposits from expatriates foundered when the Inland Revenue said the operations would have to be treated as UK companies.

Who handles what on the island

- **Bank agent for government note issue:**

Isle of Man Bank: (subsidiary of NatWest), 2 Athol Street, Douglas (19 branches).

- **English and Scottish clearing banks:**

Barclays Bank: Barclays House, Victoria Street, Douglas (six branches).

Lloyds Bank: Victory House, Prospect Hill, Douglas (three branches).

Midland Bank: 10 Victoria Street, Douglas (two branches).

National Westminster Bank: 1 Prospect Hill, Douglas (two branches).

Williams & Glyn's Bank (I.O.M.)*: Victory House, Prospect Hill, Douglas.

Co-operative Bank: New Century House, Manchester.

Trustee Savings Bank North West: 78 Strand Street, Douglas (three branches).

* Parent company U.K. clearing bank.

- **Clearing banks subsidiaries:**

Bank of Scotland Trust Company (I.O.M.): 30 Victoria Street, Douglas.

Barclays Finance Company (I.O.M.): 45 Victoria Street, Douglas.

Barclaytrust Isle of Man: 30 Victoria Street, Douglas.

Lloyds Bank Finance (I.O.M.): Victory House, Prospect Hill, Douglas.

Lombard Bank (I.O.M.): 41 Athol Street, Douglas.

Midland Bank Trust Corporation (I.O.M.): 10 Victoria Street, Douglas.

Northern Bank (I.O.M.): 44 Athol Street, Douglas.

Ulster Bank (I.O.M.): 28 Victoria Street, Douglas.

- **UK banks and their subsidiaries:**

Commercial Bank of Wales (IOM): 17 Circular Road, Douglas.

*Kleinwort Benson (IOM): 9 Athol Street, Douglas.

National Girobank: 10 Milk Street, London EC2V 8JH.

*Rea Brothers (IOM): 29 Athol Street, Douglas.

*Singer and Friedlander (IOM): 30 Ridgeway Street, Douglas.

Standard Chartered Bank (IOM): 64 Athol Street, Douglas.

* UK accepting houses committee members.

- **Foreign banks and their subsidiaries:**

Allied Irish Banks (IOM): 21 Athol Street, Douglas.

Bank of Credit and Commerce International: Luxembourg, 40 Victoria Street, Douglas.

First International Manx Bank (subsidiary of Hellerup Bank, Denmark): 4 Finch Road, Douglas.

Gulf Banking and Trust Corporation: Cayman Islands; United House, 14-16 Nelson Street, Douglas.

Habib European Bank: Zurich; St James's House, Market Street, Douglas.

Investment Bank of Ireland (IOM): Irish Republic; 20 Finch Road, Douglas.

North European Bank: 36 Finch Road, Douglas.

Royal Trust Bank (IOM): Canada; 60-62 Athol Street, Douglas.

Roywest Trust Corporation (IOM): Consortium Bank owned jointly by Royal Bank of Canada and National Westminster Bank; RoyWest House, P.O. Box 59, 33 Athol Street, Douglas.

Anthony Moreton looks at the island's constituion. There are moves to introduce a more representative voting system

Political changes aim for greater executive responsibility

THIS SEPTEMBER the Manx Government plays host to the annual meeting of the Commonwealth Parliamentary Conference, when some 400 leaders and their consorts from around the world descend upon Douglas. They will find a small country—one of the smallest they have visited: last year they were in Kenya—in the process of considerable political change. They could not be arriving at a more interesting time.

The aim of the political change is to introduce a degree of executive responsibility, which has been missing and lacking. There is also, coincidentally, a move to get a more representative voting system introduced.

The Manx Government buildings at Douglas

Two houses

The present constitution encompasses two legislative houses. The House of Keys, comprising 24 members, is elected by direct vote every five years for a fixed term.

The House elects eight members of a Legislative Council of 10, all of whom do not retire together. There are two ex-officio members, the Lord Bishop of Sodor and Man, and the Attorney General who is non-voting.

It has become accepted practice in recent years for the House to elect council members from among its own number but this is not constitutionally necessary. It could go and has on occasion gone, outside its ranks.

The administrative work of the island is carried out by boards — finance, education, tourism and so on—comprising three or four members. The heads of some, but not all, of these boards have come together again in recent years, to comprise an Executive Council popularly known as Exco.

Finally, the House and the Legislative Council meet together once a month as Tynwald, which is the ultimate parliamentary authority.

There has long been a feeling that this set-up—or parts of it—are outmoded but getting change through the various bodies has always proved very difficult in the Isle of Man. One of the problems is that there is no political system as such on the island—there are just three Labour members in the Keys—and a member can vote one way in one of the boards, another when the matter comes before the Keys. It has happened.

Tynwald has made several attempts in recent years to correct the over representation of rural voters in the House of Keys.

Keys member Mr Victor Keale, the latest proposer of such reforms which were rejected by the Legislative Council, is to try again in the next session.

The rejected proposals were for a 33-member directly elected Tynwald with eight members, plus the non-voting Bishop and Attorney General forming the Legislative Council.

This proposal was also opposed in the House of Keys, although eventually passed. Now there are suggestions that such sweeping constitutional changes should be the subject of the Island's first referendum.

One important piece of legislation which has been accepted, however, is the move to a form of voting by proportional representation.

From the next general election, in November, 1986, the system of the single transferable vote will be used for elections to the House of Keys. This will not necessarily bring in more political parties, since the only other active ones are two concerned with Manx nationalism. But it could, arguably, give a fairer representation than the present first-past-the-post system.

The most important move in the long-term, though, is the atempt to set up a more central co-ordination of government.

With each of the arms acting independently, Manx decision-making has often been hamstrung and frequently been made to look ludicrous as decisions taken at one stage have been overturned by the same members at a later stage.

There is a school of thought that those heading the various boards should be given "ministerial" appelations. The head of Exco should be "premier," the head of the finance board should be "finance minister," and so on.

For a small country, population just over 60,000, this may sound rather pretentious, but the Isle of Man is trying to live in a world of high finance, mixing with central bankers around the world as it extols its virtues as an offshore financial centre, and it would certainly make sense for Swiss or American bankers to easily appreciate at which level of authority they were dealing.

Eight members

There is also a move to turn Exco into a body with a much greater degree of responsibility. Exco has eight members and a chairman, who is appointed by Tynwald.

Of the eight, the chairmen of the finance and home affairs boards are automatically members, but the other six may represent any of the boards and the case exists at the moment of some of the senior boards not being represented on Exco.

Under proposals now being discussed it is suggested that in addition to a chairman Exco shall consist of the eight boards of finance, home affairs, industry, agriculture, health, tourism, local government and education. Thus it would comprise the political heavyweights on the island.

It is also suggested Exco meets weekly, and that if there is a vote of no confidence in Exco by Tynwald then the entire Exco should resign. This is the core of the matter.

Exco would then be forced to act and speak with one voice and both houses of Tynwald would be forced to see it as acting in this way.

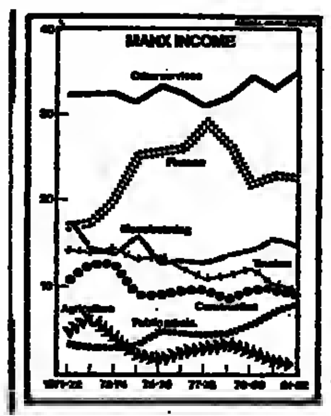
Ian Hamilton Fazey examines the industrial scene

Parity issue worries unions

DOCKERS' STRIKES and a public sector "day of action" have been unfamiliar features of island life this year. The problems have been dismissed as "minor" by the government, but the trade union side sees the latest developments differently.

Mr John Corrin is the Isle of Man branch secretary of the Transport and General Workers' Union. He believes that underlying trends and pressures are already straining the Manx economy and that this year's problems herald a new era in labour relations.

He sees more trouble to come for the island's employers, fuelled by differential wage rates for the same or similar work, low pay, and a growing sense of general grievance about non-existent employment protection laws and poorer working conditions than in the UK.



Mr Walter Gilbey, who as charman of the island's Whitley Council leads for the government in public sector pay negotiations, says: "Mr Corrin's view is extreme. There is no real problem, just a dispute over pay claims. Anything happening here is tiny and minuscule compared with the UK. There has just been one day of action and a very short strike by 11 dockers.

"This is a small community of quiet, Celtic people who don't like rowa. People are either related or friends. There are always some poor employers and some poor workers in any community but I think there are very few of either category in the Isle of Man."

Complacency

To Mr Corrin, this represents complacency. He believes that the spirit of trade unionism on the island is beginning to stir after years of dormancy. There are several reasons why it has not flourished in the past, the principal one being that in a working community of small companies there has been no single plant in which the unions could establish a power base and a core source of income.

Most companies are not unionised at all, including the largest private sector employer, Ronaldsway Aircraft, which has 500 employees. The employers argue that labour relations are good because of this fragmentation of industry and commerce into small units—communications are effective and grievances cannot fester.

Mr Corrin thinks that this has enabled the impression to gain ground that the island has a docile workforce that employers can hoss into submission. He thinks this is reinforced by little legal protection, so that workers can be sacked easily if they try to organise themselves.

Generally, the unions are week through fragmentation and lack of members. There 13 of them represented on the island's trades council but the TGWU dominates with about 3,500 members. It represents many workers who would be claimed by other unions in the UK, such as firemen and public sector manual workers.

This makes Mr Corrin, as the only full-time official on the island, the de facto leader of the union side. He operates from new offices in Douglas opened last year by Mr Moss Evans.. What be needs for credibility with non-unionised workers are some victories and there are potential flashpoints where be may win them.

The "holes in the ground" issue, where workers employed by different public sector employers are paid differently for essentially the same work, is one of them. This worked for the water workers in the UK two years ago. Island water workers, who are all in the TGWU, now get parity with UK counterparts but other Manx public employees are paid much less for similar work.

Clearly there is scope for union pressure here, with a potential knock-on effect throughout the public sector.

The issue could be disastrous for Manx public spending policy since the water workers earn up to £20 a week more than the £81.50 Mr Corrin says is what most public sector manual workers get.

Since island electricity workers average £112 a week, Mr Corrin sees years of mileage in the parity issue, and with private sector wages more commonly in the £60-£70 a week range he says that there are many underlying tensions threatening the island's cosy labour image.

Grievance

The dockers' grievance was about parity too. They earned £45 a week less per man than Liverpool counterparts doing the same job with three more people. The TGWU blacked Liverpool operations in support but had less success securing sympathetic action from the railway unons at the Sealink port of Heysham in Lancashire.

Mr Corrin claims three-quarters of the 1,300 government manual workers as members and says thet about 600 marched on his "day of action" in support of this year's pay claim. He sees the Autumn meeting of the Commonwealth Parliamentary Association in Douglas as a target for disruption if he needs to apply more pressure.

PROFILE: KENMAC CONTROLS

The lesson learned from Rolls-Royce

THE COLLAPSE of Rolls-Royce in the early 1970s did Walter Kendall and Terry MacKay a favour by driving home the dangers of having too many eggs in one basket.

The two men were running a small company called Marown Engineering just outside Douglas. It had expanded into aircraft and mining industry components from its original business of making model aero-engines, transferring its precision engineering skills into bigger and more realistically profitable markets.

Rolls-Royce's problems saw Marown suffer an instantaneous drop in orders that threatened the company's survival. Urgently it bad to fill its machines with other products that would make an equal demand of the workforce's hard-won skills and sell at a price reflecting their high added value.

Thus was born Kenmac Controls, now a world leader in making instrumentation and flow control valves that can be used safely at very high pressures. Kenmac's latest range is safe up to 10,000 psi and with its "normal" range of products tested for continuous use at 6,000 psi, it is hardly surprising that three-quarters of all rigs in the North Sea have something of Kenmac's on them.

Mr MacKay, a design engineer from Liverpool who joined Mr Kendall in 1968, says: "We have earned our reputation by designing for a potential court of enquiry. We won't compromise nn price. Safety and quality go hand in hand and cost money.

"Some of our competitors are always trying to find out things about us, so we don't say much aboot output figures and financial performance. By contrast, we don't worry about them. We have our standards and stick to them. If they want to undercut us, we believe they can only do so long term by compromising in areas where we would not.

Pipeline

"What we always try to bear in mind is that people working constantly near pipelines and plant at 6,000 psi get used to it and the pressure gradually seems less and less dangerous to them. But if one of our valves failed, they might be killed."

This philosophy should see Kenmac and Marown—the latter still makes components for mining and aerospace—to more than £2m of turnover this year, a comfortable level for a small company of 130. The company has prospered, expanded and added new premises during the recession, increasing staff by 10 in the last year and maintaining craft apprenticeships at about 10 per cent of total workforce.

Mr MacKay is now the managing director, while Mr Kendall has retired to become non-executive chairman. The two men own the company jointly and look happily back to the happenstance of their meeting, when Mr MacKay placed some work with Marown while he was working for a Liverpool engineering company.

When they joined forces Mr MacKay's role was to find new products and markets that would save Marown from wasting its skills on model aero engines that made more money for toy manufacturers than themselves.

Mr Mackay says: "We are still looking for other products with high added value and comparable markets to our present range so that we can expand even more. Good capital allowances on the island encourage investment and if you keep re-investing your profits in plant and equipment you don't pay much tax anyway."

His own contribution to island life has led to his chairing his industrial committee of the Chamber of Trade, Commerce and Industry and be is an enthusiastic advocate of the island's advantages.

However, be only promotes bis company in its indnstrial markets, though its effect on everyday life is more pervasive than many might imagine: the air traveller looking out of the window at a Jumbo's RB-211 engine, for instance, can reflect on the fact that the precisely engineered, uniquely identified bolts securing its covers were probably made in the Isle of Man.

PROFILE: TECHNICAL OPTICS

Lasers provide the profit

MICHAEL LUNT admits that there are problems in operating out of the Isle of Man. Travelling the world is gruelling, anyway, if you land at Heathrow with jet-lag; if you then have to ad dhte best part of a day waiting for connections to get home from London, it can become a debilitating chore.

When he feels like that, however, he counts his blessings. He says that these weigh so heavily on the credit side that nothing would persuade him to run his company, Technical Optics, from anywhere else but Onchan, high on a hill to the north of Douglas.

He says: "Private companies here are assisted with their capital equipment and the direct costs of marketing. In our business you have got to spend a lot of money to be successful. We are profitable and finance most of our investment oot of revenue but with capital allowances of up to 40 per cent, it's almost like being subsidised."

Coupled with the island government allowing 100 per cent write-off of investment in the first year against already low taxes, such quasi-subsidies are very attractive to high technology companies such as Mr Lunt's, which makes optical systems for high energy lasers, coatings that allow lasers to function at the fullest possible power and specialised optical instruments.

Expansion

The quid pro quo of this arrangement is employment for islanders and Mr Lunt is happy to pay his dnes. His policy is to employ local people only. He bas 24 at present end is expanding steadily, though the niche he bas in his market will probably not be large enough for him to expand beyond about 60.

This is because TecOptics, the name by which the company is best known in its U.S. market, is in an industry dominated by small companies, each managing its own highly specialised niche and usually run by an entrepreneurial owner. He expects to turn over about £1m this year.

The Isle of Man effectively allows him to flourish as an entrepreneurial manager. Signi-..cantly perhaps, his seven years' ficantly perhaps, his seven years' industrial experience of working for someone other than himself was in the U.S. optics industry where people with good ideas are more likely than in other countries to set np to realise them on their own.

Mr Lunt set up in business on the Isle of Man with only £1,000 of capital in 1973.

His company is now backed by individuals living on the island and 65 per cent of his output is exported outside the UK, with orders from Holland and Germany picking up much faster than those from the U.S.

Expanding markets in industrial, medical, scientific and military lasers promise a profitable future, with drilling, welding and cutting the commercial applications that will fuel growth farther.

Since he makes small, high added value components that can be shipped by air freight or sent through the post, the Isle of Man poses no locational problems for his products, only for himself when be flies into London jet-lagged from California. "But we owe the island for what it has giveo us," be says. "The odd bit of inconvenience is a small price to pay."

PROFILE: SAILCREST ENGINEERS

Luck and women's skills

ARTHUR BIRD moved his company to the Isle of Man from Southend-on-Sea in 1971 because he could not find enough full-time women workers to keep his factory at full capacity and fill his order book.

Leaving Essex was a wrench—he had been president of the local chamber of commerce—but women preferred part-time work in Southend's television factory, whose managers sent chartered buses around the housing estates to ferry them to work.

New recruits

Ironically, those television jobs are now long gone, while Mr Bird is presently interviewing for his second wave of new recruits this year. Meanwhile, his integration into island life has become complete: be is now in the middle of a two-year stint as president of the Isle of Man Chamber of Trade, Commerce and Industry.

His company, Sailcrest Engineers, is in the "components of components" business, making some of the hits from which electrical suppressors are produced. He has two British competitors and a handful of overseas ones. His wares have found their way into the motors that drive hairdryers, or washing machines, or vacuum cleaners and, be believes, the walkie-talkies of men who walked on the moon.

He exports just over half of his output to the UK and most of the rest of Germany, Malaysia, Switzerland and France. It is perhaps a significant sign of worldwide recovery that Sailcrest's output is now at a record 750,000 components a week and rising—25 per cent up on last year.

—His turnover should be about £600,000 this year and his after-tax profits much more healthy than they would have been in Southend, thanks to 20 per cent corporation and personal tax rates on the island. Staff levels will rise to more than 60.

The island's government has helped him to expand continuously since he arrived, with 40 per cent investment grants. There have been three factory extensions and 30 new machines—he designed them himself—to bring the total to 43.

If be wanted to automate, the government would help him do that too, but he is not at that stage yet: there are still enough nimble-fingered women looking for work, even if he has had to huy a charabanc (with low tax rates, it was cheaper than hiring) to hus some of them from Douglas to his factory at Peel on the west coast

What most of the women do is to insert fine wires into lightweight cores made from carbonyl iron powder or plastics. Tolerances are fine, often as low as four thou. There is a cheerful feel to his factory. Ten years' service earns an an attractive piece of jewellery—a gold chain and medallion, engraved with the wearer's name.

Tiny parts

Mr Bird started a sintered components business in 1954 with £500, working from a garage. Eventually, be sold out to GKN, buying back the rights to make electronic components, which the giant engioeering group did not want.

The tiny parts are ideal products for the island because they can be shipped cheaply by air freight or as part loads on a Securicor van.

Luck, Mr Bird says, has been the main factor in his success, though most would probably conclude that a£100 U.S. study tour in 1954, where be was struck by the future significance and uses of powder metallurgy and came home looknig for markets, bad more to do with it.

If luck played a part it was in 1939 when Mr Bird was hallotted out of Buchenwald in his native Germany after a committee in Welwyn Garden City had raised enough to buy safe passage from the Gestapo for 15 prisoneds.

The £4,000-plus per week, with which the bulk of his workers' wages fuel the tiny Peel economy, would just not be there if Mr Bird's name had not come out of the hat.

Freeport held up by funding differences

ON THE edge of a field next to Ronaldsway Airport, south of Douglas, there is a big sign which seys, simply: FREEPORT SITE. It gives, in smeller letters, the name and phone number of the official for potential site users to contact.

In the field, behind the sign, a couple of cows graze contentedly. They are the only signs of activity in what was to have been the first freeport to be launched in the UK and will now almost certainly be the last to come into operation.

The Isle of Man freeport was launched in a blaze of publicity last November as the forerunner of a number to be set up in mainland Britain.

So what went wrong?

The British Government was then known to be on the point of announcing its own freeport sites after much besitation and the Isle of Man was anxious to get in first. The British team—six were chosen: Belfast, Birmingham airport, Cardiff, Liverpool, Prestwick and Southampton—were eventually announced at the start of February.

Unfortunately, the Manx lead has been dissipated and while the British six have been working hard to get going by this summer, there are still only few signs that the Ronaldsway site will bave anything on it before the late autumn at the earliest.

Partly this is because the announcement of the Manx freeport rather beat the gun; partly, though, it was due to a difference of opinion with the original partner, Rush and Tompkins which has led to the company withdrawing and being replaced by British Land.

One of the reasons for the change of partners has been the wish of the island euthorities not to be involved in funding the freeport programme. Rush and Tompkins would have provided the management expertise — It bas been associated with freeports in the U.S.—but intended to leave much of the funding to the island Government. British Land has a different approach on financing the project which will leave a lot less for the Manx Government to find.

Good site

Although it is some way ont of Donglas, the freeport site is a good one. It is next to the airport and across the road from Ronaldsway Aircraft, one of the island's largest employers. The area is not highly populated but it is easy to draw workers from the nearby Castletown, Port Erin and Port St. Mary, as well as from Douglas itself 10 miles away.

The size, too, is in its favour. Covering 20 acres there is ample ground for expansion once the early entrants have been satisfied. It has the added advantage, too, of being the only one in Europe in a tax haven.

Such advantages will not be a quick or sure means of success, though. The Isle of Man has sought for years to increase its industrial base and while some textile packaging operations might move into the freeport so far the industrial drive has not proved to be an unqualified success.

The Isle of Man has to overcome all the disadvantages island communities face in expensive transport costs. Links with the UK could also be a lot better.

More important, the UK has placed, for some inexplicable reason, four of its six freeports on the western side of Britain with two of them, Liverpool and Belfast, in what might be called the Manx catchment area. This is bound to pnt extra pressure on the Isle of Man since it cannot now point to any particular geographic advantages by comparison with the UK.

Any company locating in the islann is able to claim attractive benefits. Providing it can show the development does not barm the existing amenities, that the range of products to be manufactured will heve a high added-value content and that a good level of profitability is likely an application will get the go-ahead.

Range of grants

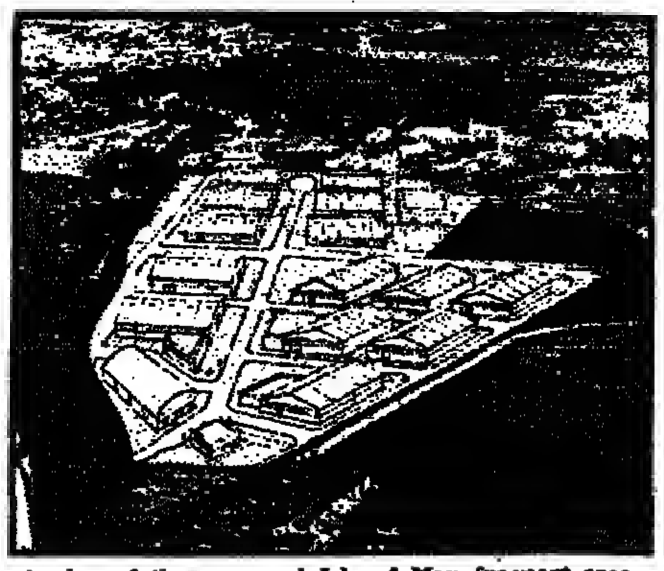
It is then possible to win a 40 per cent grant towards the cost of new buildings or improvements to an existing building and 40 per cent towards all new plant and machinery.

Other grants are then available towards running-in expenses, training costs, marketing for new ventures, energy conservation and towards the cost of employing consultants to advise nn methods of applying micro-processing technology to manufacturing processes.

Loans, rent reduction and the low rate of income tax are other incentives which add up to an interesting package on paper.

Will all this, though, be enough to overcome the nearby competition?

Anthony Moreton



A plan of the proposed Isle of Man freeport area, next to the island's Ronaldsway Airport, near the capital, Douglas

Manx coinage popular with collectors

EVER SINCE the Manx Government decided to end the right of local banks to issue their own bank-notes and coinage, two policies have prevailed as regards general coinage and the minting of commemorative crown pieces (25p coins) for collectors.

The much-sought commemorative issues have, in most casea, proved profitable for the Treasury. It is rarely that a commemorative coin is seen in general circulation, as the issues are relatively small.

In 1971, 10 years after the first decimal coins were circulated, it was decided to print a 50p note, as well as minting a 50p coin. bTere were then two Manx Government notes, £1 and 50p, as well as the coins. The 50p note still remains in general circulation alongside the coain of the same valne. To these two notes £5, £10, £20, and £50 notes have now been added.

The 1 oz platinum Noble, showing a Viking longship in full sail

Short life

The Treasury became concerned at the short life of the low face value notes. It was found that a £1 note bad a life of about nine months, before it was withdrawn from circulation. So, late in 1983, a new £1 note was introduced.

To print this £1 note, Brahbury Wilkinson & Co, which has produced all the Manx Government's notes, developed the Tyvek 919 plastic material, in which fibrous polyolefin is specially treated to give the required high quality surface needed for security printing.

These notes are very difficult to tear. Today these higher-value plastic notes are circnating along with the older paper notes which will eventually be withdrawn.

In 1978 the Popjoy Mint produced for the Manx Government the world's first £1 coin.

These coins, while they hava proved most attractive to collectors, have not gone into general circulation. While fact, a profitable product of the Manx Treasury. A £5 coin was successfully introduced in 1981.

The introdnction of the krugerrand, a legal tender 1oz gold coin, appealed to investors seeking a bedge against inflation, and paved the way for a similar coin of platinum, since it is a rearer metal and thus likely to be in grester demand. minting continues they are, in

In November 1983 tha Manx authorities issued the platinum noble, a legal tender coin with a face valne of £10, which comprises an ounce of platinum. This coin is minted in association with Ayrton Metals of London, which pays a royalty to the Manx Treasury.

In his budget speech in May, the Finance Board chairman, Dr Edger Mann, told Tynwald members that at least £600,000 in royalty profits had aecrued to the Isle of Man since the coin was launched.

Demand for this coin around the world is only just beginning, said Dr Mann—"I think this one project alone gives us considerable encouragement for the future, and carries the name of the Isle of Man into parts of the world that other coins cannot reach."

Now tih project is to be expanded with an entire "family" of Nobla coins. These will range from a 10-Noble coin, which will have a face value of £100 probably the highest valne coin so far prodnced, to a one-tenth Noble, which will have a face value of £1. All will be platinum.

Manx coinage has certainly come a long way since Viking coiners hammered ont the first coins prodnced by the Kings of Man and the Isles around 1,000 years ago.

William Clucas

Transport links subject to seasonal changes

ALTHOUGH it is possible that the Vikings arranged regular Longship sailings to the Hebrides wben they ruled the kingdom of Man end the Isles, recorded history does not sbow regular sailings to and from the Isle of Man until 1765.

Then there was a weekly service between the island and Whitebaven, almost certainly run for the benefit of the Britisb troops based in the Isle of Man to end the smuggling through which the Manx people bad prospered greatly wben the Lordship of Man was not beld by the British sovereign.

By 1819, the Isle of Man had its first steamer service, Douglas being a port of call on a service between the Clyde and Liverpool. It seems that roll-on, roll-off, facilities were provided as the fares list includes a charge for the shipment of gentlemen's carriages.

This service, and that of a competitor which started operations in 1822, was a summer-only facility, and it was not until 1826 that the first winter service, a weekly one, whicb contemporary writers describe as miserable and dependent on weather, not always kind in the winter months.

That did not satisfy the island's needs and in 1830 the Isle of Man Steam Packet Co. was founded. It still survives as an independent company, largely owned by Manx sharebolders, and now with the Manx Government holdings a substantial block of shares.

Over the years it has faced many rivals, and keen competition, but until 1978 bad not faced serious competition on an all the year-round basis.

Then Manx Line started operations with a roll-on roll-off ship carrying passengers and freight on a route bteween Heysham and Douglas.

This was a route which, before 1939, railway companies had operated a summer only passenger service. When this company ran into difficulties, it was taken over by Sealink.

Resources

As Sealink can call on mnch greater financial resources than the Steam Packet Co., this arrival of a competitor for off-season traffic, around half tbe year, has caused problems for them.

The company had introduced side-loadine car ferries in 1962. Today, all its fleet of four passenger ships are of that type. But they can only carry light commercial vehicles, so a roll-on roll-off freight service was introdnced.

This operates between Douglas and Liverpool on a five-day-a-week basis. However, this bas an enclosed dock terminal et Liverpool, and it would be difficult to establish a suitable terminal outside the docks.

In his latest annual report, company chairman Mr Sydney Shimmin said that plans for a new multi-purpose ship were now fully prepared but wben a tender was sought the lowest price was over £20m. Thet meant that profitability bed to be improved dramatically to assure the company'a future.

Financial problems arising from the effects of the recession and the keen competition from Sealink has meant thet the Steam Packet Co. has hadt o reduce its passenger fleet to four ships. Yet a full schedule of summer sailings covering Liverpool, Fleetwood Ardrossan, Belfast and Dublin is being operated, and the company is running for the first full season a new and very modern terminal in Dublin.

Commenting on the prospects for this summer's traffic, and it is then that the profits are made, Steam Packet general manager, Mr Ron Kissack, said that because there were no major conferences in Douglas this year be expected a slight decline in passenger traffic, but this could be offset by people booking bolidays late.

The package holiday scheme, which tha company had operated for some years, was holding its own, and the company was also gaining traffic from the Tourist Board's Everymann package boliday programme, ba said.

Freight-carrying to and from the Isle of Man is virtually a one way traffic operation, which means that the import traffic has to be costed in sucb a way that operating costs are met.

Ever since it was founded, the Steam Packet Co. has carried freight. Parcels were carried on the passenger ships, and they were backed up by mixed traffic and cargo ships for larger items. When the car ferries came into year-round operation, they carried vans which offered a door-to-door service. Now larger vehicles opereted by the major companies travel by the roll-on roll-off service. Tbe company has its own container trailers and operates a groupage service from its large Douglas warehouse.

Sealink started its operations on the Douglas-Heysham service with a saturation pattern of services. Economics bave meant that winter services are much reduced. This company has the advantage of operating a multi-purpose ship; the local general manager, Capt Andrew Douglas points out that because they can carry coaches and their passengers, traffic is steadily increasing. He also reports increased demand for the company's package bolidays.

On the freight side no groupage service is operated by the company. Along with the rest of Sealink the Manx company, Sealink I.O.M. is at present on sale.

Three small bulk carriers form the fleet of the Ramsey Steamship Co. In normal times they rely on coal for most of their cargoes, having witbdrawn from general cargo carrying some years ago. They carry coal, and wheat inwards and barley outwards.

High freight costs on the major shipping company routes bave brought two general cargo services able to carry cargo at lower casts. Both operate a scheduled weekly ------ from Peel to Bangor, Northern Ireland, and both operate largely empty from Peel. While the island-based company, Mezeron, also operates at times to Glasson Dock, Fleetwood, Glenlight confines itself to the Northern Ireland route.

There is another competitor, Laxey Towing Co, wbich is proving that the tug and barge concept of short sea traffic is practical. Captain Stephen Carter, head of the company, states that while his main cargo is coal be carries bulk cargoes of scrap iron from the island, and as well as carrying a range of bulk cargoes to the island is now offering to carry general cargo.

Air services bave been competing for traffic to and from the Isle of Man since 1934. Now, after the ending of British Airways manopoly, and subsequent withdrawal there are two companies operating schedule services.

Consortium

Manx Airlines, the larger, is e consortium of British Midlan Airways and the Britisb and Commonwealth Shipping Co. It runs services to London, Liverpool, Manchester, Blackpool, Glasgow, Belfast and Dublin. It also operates summer services to Edinburgh and Cork. Freight is carried on passenger aircraft and special freight flights are operated when required.

The company bopes to have Birmingham soon.

a licence to operate to

Spacegrand, which came on Blackpool-based. As part of the scene two years ago, is a larger group, it operates scbeduled services to Blackpool and Belfast. It is also seeking a licence to operate to Birmingham, wbere connections cou be made to other servi operated by the group.

William Clucas

Benefits for insurance sector

THE MAIN beadway in developing the island's financial services has heen made in the insurance sector. bTe Exempt Insurance Companies Act, which enahles tax-free profita to be made on risks underwritten off the island, is understandably attractive.

The legislation was designed to attract "captive" insurance companies—subsidiaries of large multinations such as petro-chemical giants, whicb need to insure potentially large but highly unlikely risks like refineries blowing up. In time of high inflation it is cheaper for the giants to arrange such cover themselves.

Extensions to the legislation will ensure that life assurance too enjoys similar concesions. In any event, Lloyds Life and Eagle Star are already established on the island. Allied Hambro, which consists of Hambro Life and Dunbar, is in the process of setting up, with the life assurance company waiting for the legislation to go through and Dunbar moving ahead with a fund management company.

Mr Mark Solly, the new directord of the Financial Supervision Commission (be replaced Dr Martin Owen, wbo has joined the Isle of Man Bank as chief accountant), reports that there are now 11 exempt insurance companies on the island.

The drive to attract life companies, however, is another aspec of the Isle of Man's hopes in expatriates' savings markets.

Mr Solly, an authority on Manx law who has written books on the subject, thinks that this is only the start, however. He says: "If you ask me what would be the most successful operation ot run from the island, I would say a trust business. This would basically be a money box operation for the savings of people working or living in unstable parts of the world.

"Promotion, administration and investment advice are the three ingredients."

Alied Hambro'a fund manegement operation is one example. Another is Roy West, wbose office block bouses the Financisl Supervision Commission as well as the company's Isle of Man branch. Roy West, formed jointly by Royal Life and hte old Wsetminster Bank, has yeers of experience of offshore operations and bas corporate headquartersin Nassau.

Ian Hamilton Fazey

MANX NOTEBOOK AND BUSINESS GUIDE

● **Tax rates:**
Standard rate: 20 per cent.
Allowances: Earned income—a quarter of first £6,200.
Wife's earnings — three-quarters of wife's earned income to maximum of £600.
Single person — £1,690; married couple—£2,880; blind person—£420; children—£250 to £350 according to age.

● **Tax information:**
Deduction of tax: where a payment is made to a person not resident in respect of dividends, interest, rent, mortgage interest the rate is 20 per cent.
Double tax relief: An individual resident in the island who derives income from sources in the UK may be entitled to "non-resident" relief from the UK tax in respect of part of personal allowances.
Companies: Profits are taxed at the standard rate. There is a registration tax of £250 a year for non-resident companies.
Capital taxes: none.

● **Work permits:**
Anyone may move to, and live in, the Isle of Man. But to work there, a permit is necessary. This applies to the self-employed with the exception of some people, such as policemen, doctors, dentists and ministers of religion.
Work permits will not necessarily be issued unless there is no suitable Isle of Man candidate for a job. The definition of an Ise of Man resident is complicated and should be obtained from the Isle of Man Government, at Government Offices, Douglas.

● **Government offices:**
Isle of Man Government, Buck's Road, Douglas, Isle of Man. Tel (0624) 26262. Telex 628612; Code IOMAN G.

● **Industrial development; companies with land/buildings available:**
In the Douglas area (tel area code 0624):
Spring Valley Industrial Estate: Isle of Man, Industrial Development Co., Douglas, tel. 28484 or 5051.
Snugborough Industrial Estate: Fuchsia Homes, 2 Circular Road, Douglas, tel. 29208.
South Quay Investments: South Quay, Douglas, tel. 4551.
Clucas' Cleaners: Tromoda, Douglas, tel. 3961.
In the Castletown area:
Harmat Industrial: Mrs Watterson, Balthane Industrial Estate, Ballasalla, tel 823506.
In the St John's area:
Tynwald Mills: Mr R. Jeavons, Tynwald Mills, St Johns, tel. 71213.
In the Ramsey area:
Riverside Industrial Estate: Cowley, Groves & Co., 43 Athol Street, Douglas, tel. 25888/9, or 48 Parliament Street, Ramsey, tel 812823/4.

● **Approved trust companies:**
Allied Irish Banks (IoM).
Barclays Bank.
Bank of Scotland Trust Co (Isle of Man).
Barclaytrust Isle of Man.
Celtic Bank.
Commercial Bank of Wales Nominees (Isle of Man).
General Accident Fire & Life Assurance.
Isle of Man Bank.
Isle of Man & National Westminster Trust Co.
Kleinwort Benson (Isle of Man).
Lloyds Bank.
Mannin Trustee Co.
Midland Bank Trust Company.
Midland Bank Trust Corporation (Isle of Man).
Rea Brothers (Isle of Man).
Roy West Trust Corporation (Isle of Man).
Singer & Friedlander Trust Co. (Isle of Man).
Standard Chartered Bank (Isle of Man).
Royal Trust Bank (Isle of Man).
The West Corporation.
Westminster Bank Execulor & Trustee Co. (Isle of Man).
Williams & Glyn's Bank (IoM).

● **Stockbrokers:**
R. L. Stott & Co, Exchange House, 54/58 Athol Street, Douglas, tel. (0624) 3701/2/3/4; dealing room only, 26933; branch office, 77 Parliament Street, Ramsey, tel. (0624) 813233.
Ramsey Crookall & Co, 25 Athol Street, Douglas, tel. (0624) 3171.
Buckmaster & Moore, 3 Athol Street, Douglas, tel. (0624) 27134.
Chambers & Remington, Victory House, Prospect Hill, Douglas, tel. (0624) 25845.
Illingworth & Henriques, Post Office Chambers, Court Row, Ramsey, tel. (0624) 813782.

● **Insurance brokers:**
Alexander & Alexander, 28 Athol Street, Douglas.
Ron Ashton Insurance Brokers, 11 Mount Havelock, Douglas.
Bowring Tyson, Victory House, Prospect Hill, Douglas.
Chandler Hargreaves Whittall, 30 Finch oRad, Douglas.
Norman Lace, Bay View Road, Port St. Mary.
J. M. Pearson, 68 Athol Street, Douglas.
Alan Quiggin & Partners, 31 Buck's Road, Douglas.
Rankin Tiney James (Overseas), 43 Athol Street, Douglas.
Walter Stott, New Bungalow, Ballagorry Beg, Glen Mona, Maughold.
C. Tarleton Hodgson & Son, Westmoreland House, 32 Circular Road, Douglas.
Watkin & Associates, Ballabrooie House, Peel Road, Douglas.

● **Advocates:**
Gordon Bell and Co, 4 Auckland Terrace, Ramsey.
T. W. Cain & Sons, 15 Athol Street, Douglas; also at 3 Atholl Street, Peel.
Callow & Fick, 26 Athol Street, Douglas.
Dickinson, Cruickshank & Co., 35/37 Athol Street, Douglas; also at 6A Onchan Precinct, Onchan; Masonic Buildings, Water Street, Ramsey; and Victoria Square, Port Erin.
Gelling, Johnson, Farrant, 24 Athol Street Douglas.
A. L. Gough & Co, Victory House, Prospect Hill, Douglas.
Hyde & Hanson, 36 Athol Street, Douglas.
Kelly, Luft, Stanley & Ashton, 16 Athol Street, Douglas; also at Four Roads, Port St. Mary.
Kneale & Co, 10 Hill Street, Doublas.
M. Moroney, 6th Floor, Victory House, Prospect Hill, Douglas.
Richard Penn, Rectory Court, Church Walk, St Paul's Square, Ramsey.
A. H. Simcocks & Co, 31 Athol Street Donglas; also at Compton House, Parliament Square, Castletown.
E. J. Teare & Co, 27 Athol Street, Douglas.

Anthony Moreton

Manx Airlines operate Shorts SD 360 aircraft on its services to Northern Ireland. Below: The Mona's Queen, a passenger-car ferry, in Douglas Harbour

Building Societies Bill drafted

ALARM BELLS may still be ringing in Whitehall about one type of financial institution which the Isle of Man hoped to attract—building societies.

They started ringing last year at the mere suggestion that here was a very important target group to persuade of the island's advantages as a centre for offshore financial services. The building societies' receptiveness to the idea probably made things worse and put the goal beyond reach for the moment.

Why the Isle of Man wants the leading UK building societies is to help it open up the market for investments by expatriates, particularly British and other European workers earning substantial tax-free salaries in places such as the Middle East. All the evidence is that the building societies see this as an important market too.

It is not enough merely to have tha institutions themselves on the island: household names such as the Halifax or Abbey National are guarantees of safety, fair dealing and honesty. Without them, the island seems prepared to mark time on the issue.

Since tha UK Government effectively exercises control through the registrar of building societies, progress is impossible without tacit consent from Whitehall. What stopped consent was the suspicion that UK savers might find ways to save with their building society in the Isle of Man and escape taxation on interest paid.

The building societies were willing to submit voluntarily to a prohibition on accepting deposits from the UK but this seems to have been unacceptable for the moment, though the island authorities are hoping that the matter will not be out of the question for all time.

Meanwhile, they are making preparations for Manx-based building societies to operate more freely on an international basis. At present they cannot lend money on property outside the island. A Building Societies Bill, now in draft and due to be considered by Tynwald later this year, will remove that restriction, opening up prospects of considerable growth as Manx societies move into international property markets.

Ian Hamilton Fazey

A crisis for local radio

THESE ARE troubled times for Manx Radio, the island's subsidised commercial station. Its top journalist-presenter has been made redundant to cut costs, the island's political leaders have forced it to abandon a potentially successful marketing strategy, and its level of subsidy has been cut in real terms over the next five years.

With his commercial policy effectively torn up, the general manager, Mr Stewart Watterson, finds it hard to exude much optimism these days. "We are hoping to find a level we can exist on and then that things will improve when the recession ends," he says.

However, two of Manx Radio's three directors, successful businessmen appointed by the government to improve the station's commercial edge, have already voted with their feet by resigning. The men put in to replace them are a chartered accountant, who is a director of the Isle of Man Bank, and the island's treasurer, Mr Bill Dawson, which suggests retrenchment rather than entrepreneurialism.

Indeed, Manx Radio's spirit of commercial adventure is what has caused the present crisis. It went looking for new advertising markets in pursuit of profits and financial independence and was thus led into what for many islanders was unforgivable sin.

Mr Watterson says: "The island's retail trade has declined by 40 per cent in the last 10 years and there are too few people here. National advertising accounts for only 15 per cent of gross revenue. Even the smaller commercial stations in the UK are managing 45-50 per cent."

Market research

So when market research by Gallup showed up nearby gaps in the independent local radio network on the UK mainland, Manx Radio went for them. One gap, Lancashire's Fylde peninsula and coast, which includes Blackpool, was eventually filled by Red Rose Radio, but tha other, the North Wales coastal strip, remained a local radio no-man's-land for geographical and technical reasons.

For Manx Radio, only 50 miles away across open sea, it was a 200,000-strong medium wave market. The station opened an office in Colwyn Bay, started selling advertising, and hired a string of freelance reporters to supply North Wales news. Profits followed.

But to exploit the new market the station had to split its transmissions. There was "easy-listening" music with news on the hour on medium wave, with local news and current affairs on VHF, for which reception was poor in the hilly north of the island.

When coverage of last year's TT races was confined to VHF the row that followed led to a five-hour debate in Tynwald and the clipping of Manx Radio's entrepreneurial wings. It was ordered to concentrate on local services, on medium wave, and was given £150,000 a year, index-linked to inflation, for the next five years.

The level of subsidy and the tiny local advertising market are not enough, Mr Watterson says, and economies are inevitable. He himself now heads both programming and administration so as to save staff. And all this at a station with an enviable 85 per cent of the Manx listening audience and the geographical location to outdo Radio Luxembourg in the British Isles — if anyone had the will.

Ian Hamilton Fazey

New shipping register

UNLESS there are last minute difficulties, and these are not expected, the Isle of Man will have its own shipping register operating next January. T he system will be similar to the registers operated by Bermuda and Hong Kong, and will give the Manx Government wide registration powers.

It is six years since discussion which have culminated in this independence were opened with the British Government although ships have been registered in Manx ports since 1894, bot have been listed as part of the British register.

As the discussions have proceeded, the Isle of Man Harbour Board, which will administer the register have passed through the Manx Parliament, Tynwald, a code of Maritime Law which will empower the board to apply all present and future international shipping conventions to Manx registered ships. That action makes it clear that there is no intention of allowing the Manx Merchant Navy flag to become a flag of convenience.

There is one important proviso in the Manx law. All owners or managers of Manx registered ships must have the principal place of business in the island. That can bring to those companies the benefits of the Income Tax (Exempt Companies) Act, which will give them wide ranging taxation benefits.

This legislation also aims to provide employment opportunities ashore and afloat for Manx residents, the Harbour Board already operates a Maritime Office to ensure that Manx seafarers have employment opportunities in Manx registered ships.

While the Board intends to appoint its own marine surveyors, some marine survey functions will be delegated to the principal classification societies in accordance with accepted practice.

All in all, the developments in merchant shipping registration in recent years are tailored to ensure that an alternative British registry is available within the British Isles which can offer the ship owner or manager who chooses to set up a company in the Isle of Man a degree of flexibility in his operations in a climate of political and industrial stability.

William Clucas

Big trouble from the 'little people'

ON THE way in from Ronaldsway Airport to Douglas, there is a bump in the road by which stands a sign saying Fairy Bridge. Visitors to the island are told they must raise their hats to the fairies or untold troubles will arise.

The fairies must have been at work on the islanders, too, if the affair of the Castletown Golf Links Hotel are anything to go by.

The hotel is owned by an elderly resident, Mr P. W. Makinson, who, for years, has run the attached gol fcourse too. It is a very good golf course, one of the best in Britain. which a few years ago played host to the senior professionals' match between Britain and the U.S.

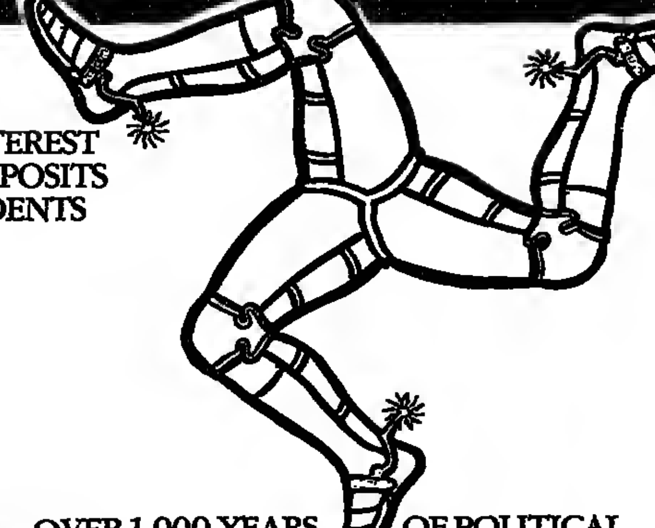
But Mr Makinson only owned tha first and 18th holes, together with the seventh green and the 8th tee. Tha rest be leased from a local trust at a very modest rent.

When his lease ran ont last year he was asked to pay a modest increase—and refused. As a result, the course was put up for sale by the threa trustees and agents Chrystal Bros, Stott and Kerruish, of Ramsey, which is at the other end of the island from Castletown, sold it to a company called Beech for £260,000, a modest prica for such a course, after first being offered to the members, who also turned it down.

The result is that Mr Makonson has a hotel, two holes, a tee and a green on which neither he nor anyone else can play. The new company has 15 holes, some land on which it intends to develop the course and a couple of Portacabins in lieu of a clubhouse. The members have a 15-hole course on which they have, for the moment, to play the last three holes twice to get to the regulation number of 18.

And the country has lost one of its finest golf courses, Someone, surely, must have gone over the Fairy Bridge without tipping his hat to the little people?

Anthony Moreton



TECHNOLOGY

EDITED BY ALAN CANE

LASER INNOVATION IN MEDICAL EQUIPMENT

More power for the healing light

BY PETER MARSH

A GROUP of medical workers and academics is trying to strengthen Britain's position in the manufacture of medical lasers.

In separate projects, researchers from the Royal Hallamshire Hospital, Sheffield, and Manchester University plan to develop two systems for novel applications in hospitals, to treat cancer and skin ailments.

The groups have applied to the Medical Research Council and the Department of Health and Social Security for cash to build the hardware, which would be based on dye lasers that can be tuned to a range of frequencies in the infrared and visible parts of the spectrum.

Backing for the initiative has come from Lamda Photometrics, a company in Harpenden, Hertfordshire, that import laser hardware. The company says it may produce commercial versions of the system for cancer treatment if the development is successful.

Joint venture

Lamda Photometrics has already made one effort at stimulating a stronger British presence in medical lasers, most of which are made overseas. A few months ago, it set up a joint venture with Edinburgh Instruments, a laser company associted with Heriot-Watt University, to make medical equipment based on carbon-dioxide lasers. This venture plans to make its products at a factory in Livingston, Scotland.

Workers at the Royal Hallamshire Hospital plan to develop hardware for cancer treatment that would be based on lasers sold by a U.S. company, Lexel of Santa Clara, California. These machines, tunable dye lasers pumped by a separate argon laser, are mainly for scientific and industrial applications, for example cutting up chunks of metal in factories.

The Lexel hardware delivers light only of about 3W. For the application that the Sheffield workers have in mind, treatment of cancer of the bladder using a technique known as photoradiation therapy, doctors require at least double this power.

To achieve this, the group at the Sheffield hospital plans to fit two Lexel lasers together, so producing a more intense output. Other work in the development programme would adapt the hardware to safety requirements for hospitals. For example, engineers would have to add apparatus to monitor the laser's output and to minimise stray radiation.

Mr John Stamp, of the medical physics department at the Royal Hallamshire Hospital, says a commercial version of the medical system could cost about £70,000. This is compared to roughly £30,000 for an ordinary dye laser based on an argon device. The Sheffield group has asked the Medical Research Council for £85,000 to cover the cost of building a prototype plus clinical trials.

In photoradiation therapy, the patient is first injected with a drug based on a mixture of chemicals called porphyrins. These chemicals lodge in cancerous cells; when the tissue is irradiated with light of the right wavelength, poisons are released to destroy the malignant growth.

The problem is to find lasers that offer both a suitable wavelength—the porphyrins experimented with so far are mostly susceptible to light at around 600 nanometres—and a high enough power. The second requirement follows from the high doses needed in this kind of treatment. If low-intensity lasers are used, the patient has to remain in some discomfort for several hours while the laser light is transmitted, usually via a fibre-optic wavelength, to the relevant organ inside the body.

Sheffield doctors, for example, have calculated that to irradiate a diseased bladder in this way would take one hour, assuming they could find a suitable laser that operates at 13W. With lower-powered devices, the patient would have to put up with a longer spell in the treatment room.

Photoradiation treatment involving lasers is still in its infancy. Physicians at King's College Hospital, London, and the Royal Southants Hospital, Southampton, have already tried out the technique. A third group, at St Mary's Hospital in London, has applied to the Medical Research Council for funds to apply the procedure to cancers of the head and neck.

Flash

In the second development project on the starting blocks, physicists at Manchester University want to adapt for use in hospitals a laser they have already built for scientific applications. The machine is another dye laser, but it gains its energy from photons emitted not from an argon device but from a high-powered flash lamp, which is far less complicated and expensive.

In theory at least, this makes a flash lamp-pumped dye laser relatively inexpensive. Dr Terry King, one of the Manchester workers, thinks a medical system of this kind could sell for about £25,000.

Any products arising from the development, which the physicists have asked the Department of Health and Social Security to fund, will be sold through Vuman, a marketing company set up by the university.

The Royal Hallamshire Hospital is also involved in this project, having agreed to provide technical support.

Doctors envisage for the laser pumped by the flash lamp applications in dermatology, or the treatment of skin disorders. For example, light from the machine could remove birth marks or heal lesions. It does this in two ways—either by vapourising tissue or, more subtly, by interacting with the molecular structure of cells to remove selectively defective cells.

The Manchester machine could, say medical workers, be most effective in treatments that involve the latter mechanism. The laser can be tuned over wavelengths from 400 nm to 700 nm. Thus doctors could experiment with different spectral bands to see which produces the best results with different kinds of skin ailments.

A further novelty is that the Manchester laser produces a rapid succession of light pulses each lasting no more than a few microseconds. Doctors think that this mechanism may produce less damage to the skin than other lasers that emit radiation in a continuous burst.

● Doctors at a Sheffield hospital plan to harness lasers in a novel application to treat disorders of the uterus. Dr David Fenton is seeking funds to start a trial in removing the endometrium, the lining of the uterus, simply by directing at it light from a neodymium-YAG laser.

Hospital workers would apply the technique in cases where the lining has to be removed on medical grounds. In the absence of alternatives, surgeons faced with this problem are forced to take out the whole uterus.

In theory, the operation with the laser could take only a few hours. A hysterectomy, in contrast, requires a lengthy spell in hospital for recuperation. Doctors in the U.S. have already experimented with the treatment.

In the technique, medical workers would direct the laser light into the uterus via optical fibre. They would fire a controlled burst of radiation at the offending tissue, destroying it by vaporisation.

Dr Fenton says he needs £100,000 to pay for a two-year trial. The cash would include £40,000 for the laser. He is looking for alternative sources of funds after the Medical Research Council turned down his application.

The project would extend the use of lasers at the Northern General Hospital. Doctors there have built up expertise in using the devices as a supplement to the surgeon's knife, for instance in applications in gynaecology.

MANUFACTURING

'No conflict between price and quality'

BY GEOFFREY CHARLISH

A PLEA that the western world's management should re-examine their attitudes to manufacturing has been made by Mr Thomas Gunn, manager of computer-integrated manufacturing (CIM) at Arthur D. Little, the U.S.-based technology consultancy.

CIM is the co-ordinated and linked application of computers to the complete process of design and manufacture, embracing computer aided design, engineering and manufacturing (CAD/CAM/CAE), robotics, flexible manufacturing/assembly systems and automatic testing.

Gunn believes too many companies still think that quality products and low cost products are at opposite ends of the manufacturing spectrum. But the Japanese have proved it is possible to be a high quality, low cost producer. They have dramatically changed their manufacturing image in less than three decades and the application of new technology on the shop floor has played an important part.

Nevertheless, in the U.S. the cost structure of industry is changing, with labour forming a decreasing percentage of total manufacturing cost.

This places, Gunn says, added importance on designing the product optimally and on the functions of quality assurance, purchasing and material control.

The computer is gradually gaining ascendancy in U.S. manufacturing. A. D. Little estimates that today 25 to 30 per cent of the total computing power in the average manufacturing company is devoted to design and manufacturing. Gunn thinks it will have risen to over 50 per cent within eight years.

"But it is essential," concludes Gunn, "that a company's manufacturing strategy should support its business strategy.

"A critical first step in the process is to create an awareness among senior management of the strategic benefits CIM can deliver, and how CIM can be used to change the company's basis of competition in an industry or market."

Gunn was speaking at the ADL Fifth Biennial Executive Forum where some 300 international business executives had gathered to hear 150 experts in the field.

Alice Greene of the ADL CIM unit said the technique represented "an enormous opportunity" for the manufacturing community in the U.S. to increase its productivity and competitive position in world markets.

It was an embryonic technology, yet it constituted a $25bn market in 1982 in the U.S. Its growth rate however — about 14 per cent compounded — will expand the market to $100m by 1992.

Dr Gerald J. Michael, reviewing robot technology, said that four classes could now be clearly distinguished; those that merely repeated a sequence of actions; those that could "play back" what they had been taught; those that performed tasks as demanded by numerical control data; and those with sensory intelligence, able to modify their actions in accordance with what they had sensed.

Dr Michael concluded that in the future, robotics will be largely a software industry. Many vendors are trying to develop "user-friendly" high level programming languages. He suggested that increasingly the robot will be perceived in the way a machine tool is at present. Furthermore, increased computer activity will allow more decision making and database interrogation. In other words, robots will be able to behave much more independently.

In the area of flexible manufacturing systems, Clifford Young was convinced that investment should be considered as a strategic decision with broad implications for competitive positioning rather than a tactical one with only financial implications.

He saw too much pre-occupation with break even points, payback times, return on investment and discounted cash flow.

Young's view is that the strategic benefits of FMS — such as increased flexibility and reduced production lead times —can contribute far more significantly to corporate success in world markets than the financial savings it generates.

Thus, he concludes, all inputs need to be included in the capital budgeting model, even if this means attaching a hypothetical value to a given qualitative benefit.

Maintenance

Corrosion coating from NKK

NIPPON KOKAN (NKK), the Japanese steel giant, has developed a means of applying anti-corrosion epoxy-based mastic coatings to offshore and other marine structures, even when they are submerged.

The company will not reveal the formulation, but it has been experimenting since 1974 using model structures constructed off the coast from its works in Fukuyama.

After cleaning the pipe, a fibre-reinforced plastic shell is bolted round it and sealed off. Then, the epoxy is pumped into the annular space so that, after setting and removal of the shell, a protective layer of 5mm to 10mm is left.

NKK says the coating provides excellent corrosion protection with high resistance to the permeation of sea water even after long term exposure. The adhesion to steel is said to be good, while high impact resistance prevents cracks or scaling.

The installation framework is lightweight and is easily handled in the field. Furthermore, the mastic will harden underwater, even at low temperatures. More on 01 628 2161.

Machining

Helical component cutter

HOLROYD MACHINE Tools and Rotors of Rochdale has deployed a Z80 microprocessor for the control functions in its latest machine, the Holroyd 2E, designed to make helical components for use in screw compressors and pumps.

The micro controls all four operational axes: work spindle rotation, longitudinal work traverse, depth of cut, and the angle setting of the cutter to produce the required helix angle.

CNC data is entered on machine-mounted keyboard and is checked for limit credibility from the memory. Program data for a particular component is then held on a cassette tape for use as needed.

CAD

A Valid offer

EARLIER THIS month, U.S.-based CAD company Valid International said it would give a free workstation to any university or polytechnic purchasing one of its Scaldsystem or Scaldstar equipments during 1984.

These systems provide design, layout and high-speed validation of microprocessor, peripheral or any other very large scale integrated (VLSI) semiconductor chip.

The company says its offer will effectively double the hardware and software resources available to any college buying a system.

At the same time the company has announced a lower cost workstation for computer aided engineering in electronics. Priced at $20,000, Scaldsystem 4 has powerful graphic editing for performing schematic capture, timing and logic verification and system documentation. Interestingly, it will also perform business tasks such as budgeting, word processing and technical publication work.

Telecoms

Fault reporting system

BRITISH TELECOM'S London South area repair service control centre has istalled a Northern Telecom Loop Reporting System (LRS).

An on-line, minicomputer based system, the LRS automates the administration, reporting and testing of subscriber lines.

By November it will support 80 control centre operators and administer customer records and fault reports for 600,000 telephones according to British Telecom.

The system was custom designed for the UK network capital budgeting model, even if this means attaching a hypothetical value to a given qualitative benefit.

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Thursday July 12 1984
ØØ

Deutsche Bank makes debut with Ecu Eurobond, Page 50

WALL STREET

The nerves remain in evidence

AN undercurrent of uncertainty over prospects for the U.S. economy and for interest rates flowed througb the Wall Street securities markets yesterday, *writes Terry Byland in New York.*

The stock market suffered its biggest one-day setback for more than four months in the wake of a heavy fall in ITT, following the cut in dividend and profits. The payment cut by ITT, one of the largest U.S. conglomerates, cast a sbadow over other market leaders.

In the bond market an initial improvement in prices was blotted out when sellers re-appeared.

The fall in the stock market steepened in the second half of the session, and an increase in market trading levels disclosed the pressure of selling. The Dow Jones industrial average ended with a fall of 18.33 points at 1108.55 – the largest fall since February 28. Turnover increased to 90 million shares from the 74 million of the previous session.

The federal funds rate remained high, at 11 3/16 per cent, increasing nervousness in the market that Monday's meeting of the Open Market Committee (FOMC) will confirm a tightening in credit policies. Other short-term rates slackened, bowever, and the key long bond moved above par value for a short while.

Wall Street bas begun to worry about the downturn in world commodity prices as well as the renewed surge in the dollar. On the domestic front, there is some uneasiness abead of the impending wage negotiatioos in the motor industry.

The stock market got off to a poor start as traders faced the implications of the profits setback at ITT, announced after market bours on Tuesday, when the stock had been traded down to $23 in the third, or off-floor, stock market from an official close of $31 on the New York Stock Exchange (NYSE).

Jefferies, the third market firm, traded ITT stock heavily before the NYSE opened yesterday, marking a deal of 1m shares at $23. After a delayed opening on the NYSE, ITT later traded at $21⅞, beading for the top of the active list with 2m sharea quickly turned over on the NYSE and a further 1.8m in the third market.

With other leaders also weakening, the stock market gave ground hroadly, although turnover was not beavy. AT&T, whicb is freezing salaries to cut costs, dipped an early $⅛ to $17⅞. Merck, also a constituent of the Dow industrial average, lost a further $1¼ to $84⅞

Fears of competitive price-cutting unsettled the rest of the pbarmaceutical sector. Upjohn dipped $4½ to $56¾ after confirming price reductions for its Motrin arthritis drug – whicb brings in about half its profits. American Home Products, a leading ethical drug maker, fell $1⅞ to $50, and G.D. Searle at $41½ lost $⅝.

The computer and technology sector remained friendless, with IBM $⅞ off at $106⅞, Digital Equipment $1⅛ lower at $82¾, and NCR $⅛ down at $22¾. General Electric eased $⅛ to $51⅜.

Motor industry issues marked time. General Motors managed to edge up $⅛ to $67¼, but Chrysler held uncbanged at $26⅝ in brisk turnover. Ford eased $⅜ to $38½ after denying market rumours of plans to buy in stock.

There was a jump of $1 to $42½ in St Regis Paper after Mr Rupert Murdoch confirmed that be bas been lining up finance for further stock purcbases. Among other paper industry stocks, Mead gained $1⅛ to $32⅞ after disclosing higher profits.

Consumer issues, seen as defensive stocks in a weak market, were led forward by McDonald's $½ better at $69⅝; Revlon $⅝ up at $38⅞; and Campbell Soup, $1 better at $63.

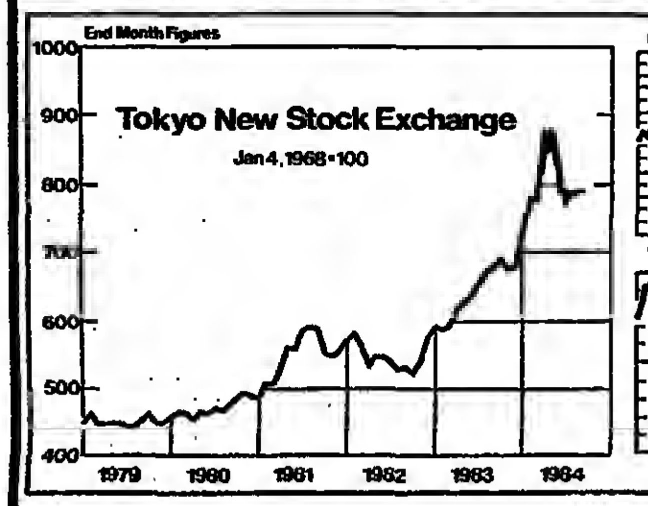
A block of stock in Financial Corp of America, the largest thrift group, and considered vulnerable to higber interest rates, was traded at $9⅞, down from $11 overnight, after comment in the investment press.

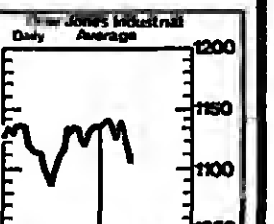
In the credit market, investors remained cautious. Today is expected to bring a sharp fall in M1 money supply, but the trend is viewed as likely to resume its upward track next week, in addition to worries ahead of the FOMC meeting, the market is weighting the chances for an increase in the Federal Reserve discount rate.

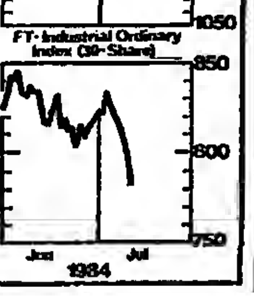
Early rises in bonds brought out sellers, and gains were whittled away, the key long bond of 2014 at 99 22/32 was trading little changed from overnigbt.

Treasury bill rates hardly moved after reaching two-year highs at Tuesday's sale of one-year bills and money market rates were barely altered.

KEY MARKET MONITORS







STOCK MARKET INDICES

NEW YORK	July 11	Previous	Year ago
DJ Industrials	1,108.55	1,126.88	1,215.54
DJ Transport	466.87	471.71	575.37
DJ Utilities	125.05	125.87	130.17
S&P Composite	150.55	152.89	168.11
LONDON			
FT Ind Ord	782.0	793.0	676.9
FT-SE 100	1,001.7	1,014.4	930.6
FT-A All-share	471.2	478.83	431.39
FT-A 500	509.17	517.99	466.82
FT Gold mines	532.8	560.1	664.6
FT-A Long gilt	11.33	11.39	10.89
TOKYO			
Nikkei-Dow	10,354.88	10,386.61	8,968.77
Tokyo SE	787.05	788.76	660.22
AUSTRALIA			
All Ord.	668.2	666.5	615.7
Metals & Mins.	415.7	417.0	540.9
AUSTRIA			
Credit Aktien	53.51	53.67	55.86
BELGIUM			
Belgian SE	142.10	142.33	129.19
CANADA	July 11	Prev.	Yr ago
Toronto			
Metals & Minls	*n/a*	*1,837.2*	—
Composite	2,196.8	2,212.7	2,483.7
Montreal			
Portfolio	107.25	107.94	124.49
DENMARK			
Copenhagen SE	n/a	185.21	159.38
FRANCE			
CAC Gen	168.8	169.4	125.8
Ind. Tendance	108.5	109.8	78.5
WEST GERMANY			
FAZ-Aktien	331.15	335.63	329.86
Commerzbank	955.1	968.6	980.7
HONG KONG			
Hang Seng	763.81	805.31	1,008.45
ITALY			
Banca Comm.	206.64	208.08	193.02
NETHERLANDS			
ANP-CBS Gen	154.1	157.1	138.1
ANP-CBS Ind	124.8	126.7	111.0
NORWAY			
Oslo SE	245.92	244.83	191.08
SINGAPORE			
Straits Times	878.64	891.76	976.10
SOUTH AFRICA			
Golds	902.0	919.7	930.1
Industrials	n/a	984.7	916.3
SPAIN			
Madrid SE	126.77	128.4	118.69
SWEDEN			
J & P	n/a	1,476.26	1,366.22
SWITZERLAND			
Swiss Bank Ind	362.3	363.5	337.8
WORLD	July 10	Prev	Year ago
Capital Int'l	171.8	172.1	179.4

GOLD (per ounce)

	July 11	Prev
London	$341.50	$345.00
Frankfurt	$341.00	$344.25
Zürich	$340.75	$345.25
Paris (fixing)	$339.08	$348.38
Luxembourg (fixing)	$335.50	$344.75
New York (July)	$341.60	$343.50

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	July 11	Previous	July 11	Previous
$	–	–	1.314	1.3095
DM	2.8405	2.8235	3.74	3.69352-
Yen	242.1	241.55	318.75	R316.3
FFr	8.71	8.67	11.465	11.3525
SwFr	2.4005	2.3855	3.16	3.124
Guilder	3.206	3.1865	4.22	4.1725
Lira	1744.0	1733.5	2295.5	2277.0
BFr	57.675	57.435	75.9	75.4
C$	1.33325	1.32775	1.7535	1.7375

INTEREST RATES

	July 11	Prev
Euro-currencies (3-month offered rate)		
£	12	11 7/16
SwFr	4 13/16	4¾
DM	5 11/16	5 11/16
FFr	11 13/16	11⅞
FT London Interbank fixing (offered rate)		
3-month U.S.$	12¼	12 3/16
6-month U.S.$	12⅝	12 11/16
U.S. Fed Funds	11 3/16	11⅜
U.S. 3-month CDs	11.70	11.70
U.S. 3-month T-bills	10.13	10.11

U.S BONDS

Treasury		July 11' Price	Yield	Prev Price	Yield
13	1986	99 31/32	13.00	100 4/32	12.94
13⅜	1991	100 3/32	13.53	101 4/32	13.49
13⅛	1994	97 21/32	13.52	98 1/32	13.48
13¼	2014	99 27/32	13.30	99 25/32	13.26
Corporate		**July 11' Price**	**Yield**	**Prev Price**	**Yield**
AT & T					
10⅜	June 1990	86½	13.80	86½	13.80
3⅞	July 1990	71	10.55	71	10.55
8¾	May 2000	67½	13.85	67½	13.85
Xerox					
10⅞	March 1993	83⅜	14.00	83⅜	14.00
Diamond Shamrock					
10⅞	May 1993	82½	14.15	82½	14.15
Federated Dept Stores					
10⅞	May 2013	76¼	14.05	76¼	14.05
Abbot Lab					
11.80	Feb 2013	84⅜	14.05	84⅜	14.05
Alcoa					
12¼	Dec 2012	84⅞	14.50	84⅞	14.50

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				July 11
Sept	61–21	62–13	61–20	61–31
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	89.18	89.23	89.15	89.23
Certificates of Deposit (IMM) $1m points of 100%				
Sept	87.55	87.58	87.43	87.55
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	87.44	87.47	87.35	87.46
20-year Notional Gilt £50,000 32nds of 100%				
Sept	99–08	99–10	97–25	98–14

COMMODITIES

(London)	July 11	Prev
Silver (spot fixing)	552.05p	575.15p
Copper (cash)	£997.50	£994.00
Coffee (July)	£2215.00	£2214.00
Oil (spot Arabian light)	$27.75	$27.75

TOKYO

Liquidation pressure escalates

MOUNTING liquidation pressure, triggered by falls on the New York and London stock exchanges and the yen's further slide against the dollar, dragged sbare prices lower in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average fell 31.73 to 10,354.88, on volume up from 249.86m sbares to 310.92m. Losses outpaced gains by 407 to 261, with 187 issues uncbanged.

Buying interest centred on biotechnology-related issues, such as Fujisawa Pbarmaceutical, in the morning session, but shifted to low-priced stocks, like Toyobo, in the afternooo.

Dwindling buying interest in leading incentive-backed issues, the pace-setters for market activity in the past month, left investors aimless.

Among the biotechnology-related issues, Morinaga topped the actives list on 17.78m sbares, rising Y27 to Y421. Taiyo Fishery, diversifying into pbarmaceuticals, gained Y13 to Y211.

Toyobo was suddenly spotlighted on the strength of its efforts to expand out of textiles. It was the second most active stock with 15.52m shares and closed Y28 up at Y268.

Mochida Pbarmaceutical attracted buying interest in the morning session, scoring a rise of Y330 at one time, but wilted under profit-taking pressure and finisbed at Y6,800, up Y160. Fujisawa Pharmaceutical declined Y49 to Y971.

Among leading incentive-backed issues, Asahi Chemical was the third most active with 12.93m sbares but dipped Y1 to Y629. Onoda Cement shed Y11 to Y332, Kuraray Y23 to Y736 and Toyo Soda Y7 to Y340.

Blue chips, still out of favour, dropped almost across the board in small-lot selling. Fuji Photo Film firmed sligbtly in early trading but closed unchanged at Y1,570. Sony lost Y50 to Y3,490, Matsushita Electric Industrial Y10 to Y1,650 and TDK Y70 to Y4,730. But Kyocera advanced Y30 to Y6,130.

HONG KONG

ACTIVE and jittery Hong Kong dealings brought falls in every sector and left nearly all market leaders at 1984 lows.

Apart from Jardine Matheson's 70-cent slide to HK$5.80, falls of 60 cents were common to Cbeung Kong at HK$6.20 and Hutchison Whampoa at HK$8.75, while Hang Seng Bank dropped 90 cents to HK$28.10.

Johnsoo Electric made an uncomfortable debut, finisbing at HK$1.80 after opening 10 cents above its HK$2 subscriptioo price.

Among those to hold steady were Hongkong Telephone at HK$42 – well above its low for the year of HK$35.50.

AUSTRALIA

A FIRMER tone emerged in Sydney, with the industrial sector drawing most benefit, while many mining issues still failed to hold overnight levels.

The day began on a weak note, but this was shaken off as stocks were sought in companies with sizeable contracts denominated in U.S. dollars, or with operations based there, set to profit from the strength of the U.S. currency.

BHP nonetheless dipped 2 cents to A$9.44, and Central Norseman – affected by gold bullion values – moved 30 cents down to A$4.70, but Bell Resources gained 10 cents to A$4. Banks edged higber.

EUROPE

Familiar fears to the fore

FAMILIAR FEARS were to the fore as the major European centres took another buffeting yesterday. The strength of the dollar, the outlook for interest rates and Wall Street's inability to sustain Monday's rally – all combined to leave shares lower.

A number of bourses also saw a more convincing level of turnover than in recent days.

In **Frankfurt**, renewed selling by foreign investors, aiming to restrict their currency losses on stockholdings, together with some investment funds reducing portfolios, prompted shares into resuming their downward trend.

The Commerzbank index dipped 13.5 to 955.1 – another nine-month low after Tuesday's short-lived rally – as the dollar resumed its advance, again testing 10-year record levels against the D-Mark.

The Bundesbank's council, bowever – meeting today for the last time before the summer break – was expected in the market to leave credit and monetary guidelines unchanged.

Chemical issues were among the hardest hit, along with the motor sector, as further assessments were made of the damaging effects on the economy of the recently resolved metalworkers' strike.

The electrical sector was also weak, with Siemens down DM 8 to DM 376.50 amid continued reaction to its new project for megabit microchips.

Among banks, a DM 7 fall for Deutscbe Bank to DM 321.50 was attributed to the $137.7m second quarter loss at European American Bank in New York, in which it has a stake.

Insurer Allianz fell DM 7 to DM 760 as bopes were held out at its annual meeting of bigher 1984 profits and dividend. Amoog eogineerings, Klöckner – wbich expects a further rise in profits this year – dipped DM 2 to DM 58.

Bonds were mostly easier, with the market's weakness underlined by a modest DM 11.3m of paper bought by the Bundesbank after its sales totalling DM 53.2m in the previous day's firmer market.

An effective half-point rise in commercial bank interest rates brought swift declines to **Amsterdam** in active trading. The ANP-CBS general index fell 3 to 154.1.

The mood had been unsettled from the outset by the projected effects on Amro Bank as a result of its stake in European American Bank. Amro shed Fl 3.50 to Fl 54.50.

ABN Bank – the first to announce the credit surcbarge taking effect today – fell Fl 16 to Fl 299.

Bonds were depressed, with declines of up to 40 basis points seen over a broad front.

Paris ended lower, with the announcement of a 10 per cent decline in French car registrations during the first six months souring the mood. Peugeot fell FFr 5.50 to FFr 186.50 on news that sales of its Talbot division in June were more than 50 per cent down on last year's figure.

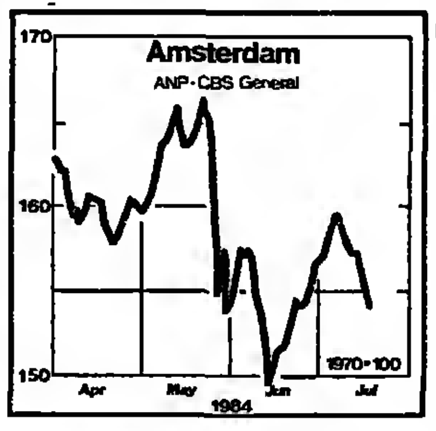
Brussels declined in moderate volume, led by the country's largest bank, Société Générale de Banque, down BFr 30 to BFr 2,990 – another casualty of the European American losses.

The recently weaker chemical issue Solvay continued its downward trend, shedding BFr 60 to BFr 3,510.

Turnover remained low in a moderately easier **Zurich** stock market, while bonds were mixed to lower in cautious trading.

Madrid continued to go its own way, advancing slightly in thin trading.

End-account selling was again a feature of a slightly easier **Milan**, while **Stockholm** was mixed in quiet trading.



CANADA

A SLIGHTLY firmer Toronto opening soon gave way as weakness among golds weighed the market down, offsetting solidity among property and energy issues.

Montreal oscillated either side of overnight levels, with banks somewhat better favoured.

LONDON

Response to rate rise is divergent

THE LUNCHTIME announcement of an increase in UK base lending rates came as no surprise to London financial markets, but helped pave the way for a largely technical rally in gilt-edged securities. Equities continued to retreat, albeit at a slower pace.

Some nervous selling at the outset saw gilts fall by up to ¼, but final gains in the longs ranged to ⅞.

As the equity market digested the implications of dearer credit, consumer shares again bore the brunt of selling with stores and breweries showing above average losses. Building and kindred issues remained dull in anticipation of an imminent large rise in the mortgage rate.

Sentiment overall remained depressed by the protracted miners' dispute and the breakdown in talks aimed at ending the dock strike.

Brewer Whitbread fell 7p to 158p, Ultramar in oils 15p to 240p, and strike-beset Associated British Ports 17p to 183p.

Chief price changes, Page 42; Details, Page 43; Share information service, Pages 44–45

SINGAPORE

NO CAUSE for cbeer could be found in Singapore, and declines led advances by an 11-to-1 margin to leave the Straits Times industrial index 13.12 lower at 878.64.

Sime Darby headed the actives list on 375,000 shares and lost 2 cents at S$1.98. Following it in volume terms were Pahang Consolidated, a cent off at S$1.60, and Amcol, 3 cents poorer at S$2.36.

Singapore Land at S$3.54 and OCBC on S$9.45 showed 10 cent setbacks.

SOUTH AFRICA

A LOWER result for Johannesburg golds was above the worst of the day as stocks responded to a slight afternoon rally in bullion. Domestic institutions were reported to be on the selling side.

Randfontein shed R3 to R169.50 after R168.75, while of the mining houses Anglo-American lost 35 cents to R22.15.

Industrials lost confidence, taking Barlow Rand 30 cents lower at R12.20.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21	13¾	AAR	.44	2.1	21	103	20⅞	20½	20½	-¼
22	14¼	AMCA	n 1	7.0		5	14¼	14⅛	14⅛	-¼
18⅞	13½	AMF	.50	3.2		178	16	15½	15½	-½
41¼	26⅞	AMR Cp			5	5088	30⅛	28¼	28⅞	-1
20⅜	17¾	AMR pf	2.18	11.		1046	19¾	18⅞	19¾	+⅛
41½	29⅝	AMR pf	2.13	6.7		184	32⅛	31⅛	31½	-1
16⅞	9⅝	APL			4	41	10⅜	10⅜	10⅜	-⅛
55⅞	40¾	ARA	2.10	4.3	10	3839	52⅞	48½	48¾	-1¼
72⅝	48½	ASA	3a	5.9		670	51⅛	50⅛	50⅝	-⅝
30¾	17	AVX	.32	1.8	15	74	20	19⅞	19⅞	-⅛
53⅞	38⅝	AbtLab	1.20	2.8	15	1914	43⅞	43⅛	43⅝	-½
30¼	23¾	AccoWd	.80	2.8	16	786	29½	29¼	29¼	-⅛
27¼	15⅝	AcmeC	.40	2.6		140	15½	d15⅛	15⅜	-⅛
12½	6⅞	AcmeE	.32b	3.8	23	2	8½	8⅜	8⅜	
24⅞	11	AdmDg	.04	.3	7	1	12⅜	12⅜	12⅜	-1/16
18¾	15	AdaEx	2.11e	14.		66	15⅜	15¼	15⅜	-¼
19⅜	12½	AdmMl	.28	2.2	8	18	13⅛	12⅞	12⅞	-¼
18¾	7⅞	Advest	.12	1.4	11	59	8⅞	8⅝	8½	
37½	25⅞	AMD	s		17	3470	31½	30½	30½	-¼
22½	9⅝	Aerflex			11	61	11⅛	11⅛	11⅛	+⅛
39⅝	28¾	AetnLf	2.24	8.6	18	1961	30	29½	29½	-½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

A-A-A through P-Q listings: [illegible]

Continued on Page 41

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
3⅞	1⅛	AICPri				4	1½	d1½	1½	−⅛
15⅛	9½	ALLab	n		12	5	9½	d9½	9½	−⅛
6⅞	2⅞	vjAMIn				81	3	3	3	
4⅝	1	ATI				75	1⅛	1	1	−⅛
64	58	ATTFd	n3.68e	5.8		118	63⅝	63	63⅝	
6⅞	2½	AcmePr				4	2½	2½	2½	−⅛
18⅞	12⅛	AcmU	s.32	2.6	12	38	12⅞	d12⅛	12⅛	−⅛
16⅞	9⅞	Action			10	92	15⅝	15⅝	15⅝	+⅛
10	5½	Actons				1	6⅞	6⅞	6⅞	−⅛
5⅞	1⅞	Acto	wt			5	1⅞	1½	1⅞	
6⅞	2⅞	AdmRe			8	544	2⅞	2½	2⅞	
28½	16⅞	AdRusl	a.10	.5	11	14	18⅞	18⅞	18⅞	+⅛
28⅞	16	Adobe	.24	1.3	12	165	18	18	18	
6⅞	3⅞	AeglsCp			16	161	5⅞	6⅛	6⅛	+½
6⅞	4	Aeronca			7	27	6⅛	6⅛	6⅛	−⅛
47	38⅞	AlMPub	.80	1.8	15	43	44⅞	44⅞	44⅞	+⅛
14⅞	5⅞	AirExp				95	9⅞	8⅞	8⅞	+½
8⅞	3⅞	Alamco			8	33	4⅞	4⅞	4⅞	
21½	9⅞	AlbaW	.20e	2.1	6	50	9⅞	9⅞	9½	−⅛
10⅞	5⅞	Aloha	.48r	6.3	3	6	7⅞	7⅞	7⅞	
23	12⅞	Alphain	.05	.4	18	11	14	13⅞	14	+½
2⅞	7	Altex				103	1⅛	⅞	⅞	−⅛
11-16	⅛	Altex	wt			6	⅛	⅛	⅛	
35	28⅞	Alcoa	pf3.75	13.		27750	29⅞	28⅞	28⅞	−⅛
32½	11⅞	AlzaCp			66	67	14⅞	14½	14½	−⅛
26⅞	10⅞	Amdahl	.20	1.8	11	201	11	10⅞	10⅞	−⅛
23⅞	12	Amedco	.08	.6	14	54	13½	12⅞	12⅞	−⅛

[illegible]

Continued on Page 42

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 40

[illegible]

X—Y—Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52⅞	36	Xerox	3	7.8	9	1684	38⅞	38⅞	38⅞	−⅛
37	21⅞	XTRA		2.5	3	163	22	21⅞	21⅞	−⅛
34	24	ZaleCp	1.26	5.1	8	11	24⅞	24½	24½	−½
24⅞	15½	Zapata	.64	5.5	9	1935	15⅞	d15⅞	15⅞	−⅛
47½	28⅞	Zayre	.40b	1.1	11	1354	38⅞	37⅞	37⅞	−⅞
38⅞	22½	ZenithE			9	964	24	23⅞	23⅞	−⅞
27⅞	16	Zero	s.36	1.7	17	100	21⅞	21	21⅞	+⅛
34	21½	Zurnin	1.32	5.6	12	51	23⅞	23⅞	23½	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AUSTRIA

July 11	Price Sch%	+ or —
Creditanstalt	209	+1
Goesser	330	...
Interunfall	398	...
Laenderbank	205	...
Perlmooser	339	—1
Steyr-Daimler	140	—8
Veitscher Mag	212	...

BELGIUM/LUXEMBOURG

July 11	Price Frs.	+ or —
ARBED	1,402	—32
Banq Int A Lux	5,050	...
Bekaert B	4,000	...
Ciment CBR	2,325	—25
Cockerill	832	...
Delhaize	4,880	+20
EBES	2,430	—20
Electrobel	6,740	+20
Fabrique Nat	2,805	—15
GB Inno BM	3,095	...
GBL (Brux)	2,215	—15
Gevaert	3,140	+20
Hoboken	6,200	—40
Intercom	2,840	...
Kredietbank	6,850	...
Pan Hldgs	9,570	+50
Petrofina	6,550	—80
Royale Belge	9,300	+100
Soc. Gen. Banq	2,990	—30
Soc. Gen. Belge	1,640	—35
Sofina	6,000	—50
Solvay	3,520	—60
Tractionel	5,395	—10
UCB	4,400	—80
Vieille Mont	3,795	—5

DENMARK

July 11	Price Kr %	+ or —
Aarhus Olie	445	...
Andelsbanken	222xd	—3
Baltic Skand	670	+20
CopHandelsbank	234	+2
D. Sukkerfab	660	...
Danske Bank	229	+1
East Asiatic	189	...
Forenede Bryg	900	...
Forenede Damp	116xr	—1
GNT Hldg	475	...
I.S.S.B.	525	...
Jyske Bank	461	—3
Novo Ind	8,260	...
Privatbanken	210	...
Provinsbanken	297	...
Smidth (F)	227	...
Sophus Berend	980	...
Superfos	454	—2

FRANCE

July 11	Price Frs.	+ or —
Emprunt 4½% 1973	1730	+15
Emprunt 7% 1976	9,205	—100
CNE 3%	3,599	...
Air Liquide	522	—3
BIC	410	...
Bouygues	601	—7
BSN Gervais	2,645	...
CIT-Alcatel	1,075	—40
Carrefour	1,425	+20
Club Mediter'n	906	—9
CFAO	612	—6
Cie Bancaire	620	+3
Cofimeg	224.5	+0.5
Darty	955	+10
Dumez S.A.	700	—10
Eaux (Cie Gen)	529	—6
Elf-Aquitaine	233.1	+7.8
Gen. Occidentale	650	...
Imetal	84	—1.5
Lafarge Coppee	342	+1
L'Oreal	2,440	+26
Legrand	1,862	+6
Maisons Phenix	209	—0.5
Matra S.A.	1,420	—15
Michelin B	750	—25
Midi (Cie)	1,630	—20
Moet-Hennessy	1,620	—25
Moulinex	103.1	—2
Nord Est	47.2	—0.1
Pernod Ricard	780	+5
Perrier	528	+1
Petroles Fra.	248	—2.5
Peugeot S.A.	186.5	—5.5
Poclain	43	...
Printemps Au	139.5	+3.7
Radiotech	270.1	—4.9
Redoute	1,117	+8
Roussel-Uclaf	1,289	+4
Selimeg	251	—4
Skis Rossignol	1,318	—29
Telemech Elect	1,655	—10
Thompson (CSF)	296	—8
Valeo	230	—0.5

GERMANY

July 11	Price Dm.	+ or —
AEG-Telef	89.6	—1.9
Allianz Vers	750	—7
BASF	148	—5.5
Bayer	155.5	—3
Bayer-Hypo	261.8	—3.2
Bayer-Verein	898	—10
BHF-Bank	233	—6
BMW	360	—10
Brown Boveri	810	—4.5
Commerzbank	149.2	—2.9
Cont'l. Gummi	112.5	—3
Daimler-Benz	578	—10.5
Degussa	358	—7
D'sche Babcock	140	—5
Deutsche Bank	321.5	—7
Dresdner Bank	147.5	—4.2
GHH	135.1	—1.4
Hochtief	617	...
Hoechst	156.5	—3
Hoesch Werke	97.5	—2.7
Holzmann (P)	439	—0.5
Horten	164	—1
Kali und Salz	211	—7
Karstadt	235	—4
Kaufhof	207.6	—1.7
KHD	225.3	...
Kloeckner	56	—2
Krupp	77.5	...
Linde	349	—4
Lufthansa	141	...
MAN	135	—2
Mannesmann	134.1	—2.8
Mercedes Hld	465	—7
Metallgesell	219	...
Muench Rueck	1,000	...
Preussag	258	—2.7
Rhein West Elect	157.2	—2.3
Rosenthal	233	—2
Schering	326	—5
Siemens	376.5	—8
Thyssen	71	—3
Varta	170.5	—1.5
Veba	163.2	—4.3
V.E.W	124.5	...
Verein-West	286	...
Volkswagen	175.2	—5.9

ITALY

July 11	Price Lire	+ or —
Banca Com'le	17,100	—300
Bastogi-IRBS	125	+3
Centrale	2,002	—22
Credito Varesino	4,020	...
Fiat	5,940	—67
Finsider	37	+1
Generali Assicur	33,100	—600
Invest	3,060	—30
Italcementi	47,100	—350
Montedison	1,120	—5
Olivetti	5,200	—24
Pirelli Co	3,002	+2
Pirelli Spa	1,636	—24
Snia BPD	1,540	—20
Toro Assic	11,000	—150
do. Pref	8,440	—65

NETHERLANDS

July 11	Price Fls	+ or —
ACF Holding	161	—8
AEGON	115.5	—1
Ahold	178.5	—4.8
AKZO	61.8	—3.7
ABN	299	—16
AMEV	154	—1.7
AMRO	54.5	—3.5
Bredero Cert	175	—d
Bos Kalis Westm.	30.1	+0.1
Buehrmann-Tet.	66	—1.9
Calland Hldgs	36.6	+0.1
Credit Lyon'is Bk	47.6	—0.3
Elsevier-NDU	80.5	—2.5
Gist. Brocades	140	—4.7
Heineken	124.5	—2
Hoogovens	47.7	—1.2
Hunter Douglas	29	—0.9
Int Mueller	33.5	—0.4
KLM	169.3	—2.7
Naarden	36.1	—0.4
Nat Ned Cert	210	—3.8
Ned. Credit Bank	40	...
Ned Mid Bank	130	—6.8
Nedlloyd	108.5	—1.5
Oce Grinten	230	—3.5
Ommeren (Van)	27.1	—0.2
Pakhoed	64.3	—3.7
Philips	45.4	—1.3
Rijn-Schelde	2.9	+0.1
Robeco	60.1	—0.1
Rodamco	139	—0.1
Rolinco	56.8	—0.1
Rorento	198.4	—0.6
Royal Dutch	147.8	—1.4
Unilever	253.6	—4
VMF Stork	124.8	+0.1
VNU	150	—4.5
West Utr Bank	81.5	—2.0

NORWAY

July 11	Price Kroner	+ or —
Bergen Bank	158	+1
Borregaard	257.5	+7.5
Christiania Bk	160	+2
Den Norsk Credit	152.5	+0.5
Elkem	156	+1
Norsk Data	884	+4
Norsk Hydro	684	—8.d
Storebrand	202	+4.5

SPAIN

July 11	Price Pta%	+ or —
Bco Bilbao	342	+2
Bco Central	342	...
Bco Exterior	204	—2
Bco Hispano	251	—3
Bco Santander	329	+1
Bco Vizcaya	388	+2
Dragados	159	+9
Hidrola	57	...
Iberduero	65	...
Petroleos	137	—0.5
Telefonica	83	—0.7

SWEDEN

July 10	Price Kronor	+ or —
AGA	350	+1
Alfa-Laval	830	+20
ASEA (Free)	322	...
Astra (Free)	395	...
Atlas Copco	123	—1
Boliden	385	...
Cardo (Free)	337	...
Cellulosa	144	+2
Electrolux B	251	...
Ericsson	323	+1
Esselte	285	+5
Mo Och Domsjo	385xa	—5
Pharmacia	888	—8
Saab-Scania	407	+1
Sandvik	400	...
Skandia	365	...
Skan Enskilda	320	+5
SKF	194	+1
St. Kopparbergs	750	+15
Sven Handelsbn.	168	—1
Swedish Match	237	+2
Volvo B (Free)	854	...

SWITZERLAND

July 11	Price Frs.	+ or —
Alusuisse	770	...
Bank Leu	3,425	—50
Brown Boveri	1,345	—10
Ciba Geigy	2,200	—10
do. (Part Certs)	1,745	...
Credit Suisse	2,075	—16
Elektrowatt	2,350	...
Fischer (Geo.)	610	—5
Genevoise	3,400	...
Hoff-Roche PtCts	94,000	—500
Hoff-Roche 1/10	9,400xr	—60
Jacobs Suchard	6,100	—75
Jelmoli	1,730	—10
Landis & Gyr	1,360	+10
Nestle	5,070	...
Oer-Buehrle	1,080	—20
Pirelli	250	...
Sandoz (Br)	6,850	+50
Sandoz (PtCts)	996	...
Schindler (PtCts)	585	...
Swissair	925	—5
Swiss Bank	321	—4
Swiss Reinsce	7,450	—25
Swiss Volksbk	1,345	—15
Union Bank	3,260	—80
Winterthur	2,890	—20
Zurich Ins	16,800	—150

AUSTRALIA

July 11	Price Aust $	+ or —
ANZ Group	4.52xr	+0.08
Acrow Aust.	1.55	...
Alliance Oil D.	0.62	+0.01
Ampol Pet	1.50	—0.06
Aust Cons Ind	1.80	+0.04
Aust. Guarant	2.65	+0.05
Aust. Nat. Inds	2.00	...
Aust. Paper	2.15	...
Bell Group	4.40	+0.1
Bond Corp Hldgs	1.38	+0.05
Boral	3.45	+0.05
B'ville Copper	1.70	+0.02
Bramdles Inds	2.90	...
Bridge Oil	2.20	...
BHP	9.44	—0.02
CRA	4.62	—0.05
CSR	3.10	—0.05
Carlton Utd	4.26	—0.05
Castlemaine Tys.	4.28	—0.02
Coles (G.J.)	3.67	...
Comalco "A"	2.36	+0.05
Consolidated Pet	0.44	—0.01
Costain Aust.	1.20	...
Dunlop Aust.	1.69	...
E.Z. Inds	6.00	—0.02
Elders IXL	3.85	+0.07
Energy Res.	1.55	—0.03

AUSTRALIA (continued)

July 11	Price Aust. $	+ or —
Gen Prop Trust	2.07	...
Hardie (J.)	3.10	...
Hartogen Energy	2.10	...
Herald W'y Times	3.18	...
ICI Aust.	1.90	+0.05
Jimb'lana 50cFP	0.23	...
Kia Ora Gold	0.15	...
Lend Lease	4.05	—0.05
MIM	2.73	...
Mayne Nickless	2.36	...
Meekatharra	0.48	...
Myer Emp.	1.72	+0.02
Nat. Com. Bk.	5.25	—0.03
News	9.50	...
Nicholas Kiwi	4.15	+0.01
North Bkn Hill	2.10	+0.02
Oakbridge	0.77	—0.01
Otter Expl	0.43	—0.02
Poseidon	1.02	+0.05
Pioneer Conc	1.38	...
Queensland Coal	1.07	...
Reckitt & Coln	2.50	+0.02
Repco	1.06	+0.04
Santos	5.70	+0.04
Smith (H.)	3.65	+0.05
Southland Min'g.	0.31	...
Sparges Expl	0.34	...
Thos. Nationwide	2.72	+0.07
Tooth	5.50	...
Vamgas	2.85	—0.05
Western Mining	2.98	...
Westpac	3.62	+0.02
Woodside Petrol.	1.15	+0.02
Woolworths	2.35	+0.05
Wormald Intl	2.55	+0.05

HONG KONG

July 11	Price H.K.$	+ or —
Bank East Asia	17.9	—0.5
Cheung Kong	6.2	—0.6
China Light	10.2	—0.2
Hang Lung Devel	2.3	...
Hang Seng Bank	89.1	+0.9
HK Electric	5.05	—0.2
HK Kowloon Wh.	2.8	—0.2
HK Land	2.07	—0.03
HK Shanghai Bk.	5.5	—0.10
HK Telephone	42	...
Hutchison Wpa.	87.5	—0.6
Jardine Math	5.8	+0.7
New World Dev	2.63	—0.02
Orient O'seas	2.02	...
O'seas Trust Bk.	2.47	...
SHK Props	4.3	—0.57
Swire Pac A	13.3	—0.60
Wheel'k Mard A	2.67	—0.05
Wheel'k M'time	1.9	...
World Int. Hldgs	1.49	—0.06

JAPAN

July 11	Price Yen	+ or —
Ajinomoto	1,160	...
Alps Electric	1,850	—20
Amada	1,100	...
Asahi Chem	629	—1
Asahi Glass	770	+6
Bridgestone	680	—4
Canon	1,180	—10
Casio Comp.	1,180	+10
Chugai Pharm	1,010	—40
Citizen	471	—1
Daiei	666	...
Dai Nippon Ptg	900	—4
Daiwa House	626	...
Ebara	315	—3
Eisai	1,000	—10
Fanuc	8,100	—10
Fuji Bank	920	...
Fuji Film	1,570	...
Fujisawa	970	—50
Fujitsu	1,240	+10
Green Cross	1,620	...
Hasegawa	355	—2
Heiwa Real Est.	560	...
Hitachi	826	—2
Hitachi Credit	1,270	—30
Honda	1,180	—20
House Food	721	—2
Hoya	1,890	—10
Itoh (C)	287	—1
Ito Yokado	1,900	...
Iwatsu	1,300	...
JACCS	349	...
JAL	3,150	—40
Jusco	848	—4
Kajima	278	...
Kao Soap	771	+5
Kashiyama	602	...
Kirin	560	+4
Kokuyo	968	...
Komatsu	488	+1
Konishiroku	672	+1
Kubota	308	...
Kumagai	477	—16
Kyoto Ceramic	6,130	+50
Maeda Const.	511	+12
Makino Milling	1,160	...
Makita	641	+6
Marubeni	354	—6
Marudai	622	...
Marui	1,130	—10
MEI	1,650	—10
M'ta Elec Works	636	—3
M'bishi Bank	910	...
M'bishi Corp	540	—3
M'bishi Elec	378	—2
M'bishi Estate	486	—12

JAPAN (continued)

July 11	Price Yen	+ or —
MHI	228	—1
Mitsui Co	345	+1
Mitsui Estate	654	—5
Mitsukoshi	362	+2
NGK Insulators	766	—2
Nihon Cement	212	—1
Nippon Denso	1,420	...
Nippon Elect	1,160	...
Nippon Express	327	—3
Nippon Gakki	620	+5
Nippon Kokan	143	—1
Nippon Oil	914	+14
Nippon Seiko	530	—9
Nippon Shimpan	525	—6
Nippon Steel	153	—2
Nippon Suisan	343	+11
NTV	11,460	+360
Nippon Yusen	224	...
Nissan Motor	620	—4
Nisshin Flour	535	...
Nisshin Steel	185	+1
Nomura	674	...
Olympus	895	+2
Orient Leasing	3,110	—10
Pioneer	2,550	—60
Renown	626	+3
Ricoh	881	—2
Sankyo	798	—5
Sanyo Elect.	507	—4
Sapporo	478	+4
Sekisui Prefab	607	—2
Seven-Eleven	8,490	—40
Sharp	1,060	—10
Shimadzu	530	...
Shionogi	715	—15
Shiseido	1,080	—10
Sony	3,490	—50
Stanley	639	—9
S'tmo Bank	900	+15
S'tomo Elect.	808	—11
S'tomo Marine	385	...
S'tomo Metal	160	—3
Taihei Dengyo	495	...
Taisei Corp	817	—2
Taisho Pharm	908	—10
Takeda	788	+13
TDK	4,730	—70
Teijin	375	—4
Teikoku Oil	676	—4
Tokyo Marine	560	—5
TBS	748	—4
Tokyo Elect Pwr.	2,090	...
Tokyo Gas	150	...
Tokyo Sanyo	677	+5
Tokyo Style	700	...
Tokyu Corp	884	—1
Toppan Print	783	—3
Toray	410	—2
Toshiba Elect	380	+3
TOTO	565	—10
Toyo Seikan	775	—5
Toyota Motor	1,250	...
Victor	3,150	—10
Wacoal	770	+10
Yamaha	503	—8
Yamanouchi	1,310	—10
Yamazaki	665	—2
Yasuda Fire	281	—2
Yokogawa Bdge.	435	...

SINGAPORE

July 11	Price $	+ or —
Boustead Hldgs	2.24	—0.02
Cold Storage	3.06	—0.04
DBS	7.90	—0.05
Fraser & Neave	4.96	—0.14
Genting	4.70	—0.06
Haw Par. Bros	9.04	—0.08
Inchcape Bhd	8.61	—0.04
Keppel Shipyard	2.06	...
Malay Banking	8.25	—0.05
Malay Brew	6.60	...
Multi Purpose	1.18	—0.02
OCBC	9.45	+0.1
OUB	4.08	...
Sime Darby	1.98	—0.02
Straits St'mship	2.41	—0.04
Straits Trdg.	4.92	—0.04
UOB	4.42	—0.08

SOUTH AFRICA

July 11	Price Rand	+ or —
Abercom	1.75	+0.25
AE & CI	9.3	...
Anglo Am Coal	30.5	+0.5
Anglo Am Corp	22.15	—0.35
Anglo Am Gold	144	—1
Barclays Bank	18.75	—0.25
Barlow Rand	12.2	—0.3
Buffels	69	—1
CNA Gallo	2.65	—0.05
Currie Finance	4.6	—0.1
De Beers	8.90	—0.25
Driefontein	45.75	+0.25
FS Geduld	46	—2
Gold Fields S.A.	24.75	—0.50
Highveld Steel	4.75	—0.05
Nedbank	12.75	—0.50
OK Bazaars	16.5	...
Protea Hldgs	1.85	—0.05
Rembrandt	26	...
Rennies	14.6	...
Rust. Plat.	13.20	+0.85
Sage Hldgs	8.00	...
SA Brews	6.80	...
Smith (G.G)	19.6	...
Tongaat Huletts	9.8	—0.12
Unisec	5	...

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO
Prices at 2.30 pm July 11

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONTREAL
Closing prices July 10

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total sales: [illegible]

OVER-THE-COUNTER
Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 50

LONDON
Chief prices changes
(in pence unless otherwise indicated)

RISES		
Ex 12pc 1999-02	£99½	+£⅞
Daejan	258	+23
Espley Trust	35	+7
Phoenix Ass	483	+18
Silverthorne	50	+9
FALLS		
Assoc Brit Ports	182	—17
Avana	425	—25
BSR Intnl	165	—15
Brit Aerospace	327	—8
Brit Car Auction	88	—9
Bulmer (HP)	180	—23
Cable & Wireless	275	—13
Clive Discount	46	—5
Costain	274	—12
Fleet Hldgs.	173	—7
Halstead (J)	65	—6
Hanson Trust	203	—8
Helical Bar	16	—7
Jardine Math	53	—9
Lucas Inds	177	—8
Milford Docks	34	—5
Rotaprint	7½	—2
Whitbread A	158	—7
Bryson Oil & Gas	448	—72
Eglinton Oil	162	—26
Petranol	420	—35
Ultramar	240	—15
Charter Cons.	190	—8
De Beers Defd.	457	—20
Randfontein	£84½	—5½

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 41

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON STOCK EXCHANGE

MARKET REPORT

Gilts recover following bank base rate rises but equity markets remain depressed

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
June 18	June 28	June 29	July 9
July 2	July 12	July 13	July 23
July 16	July 26	July 27	Aug 6

* "New-time" dealings may take place from 9.30 am two business days earlier.

The lunch-time announcement of an increase in base lending rates to 12 per cent—the highest level for two years—came as no surprise to London financial markets. Following a depressing morning trading session, the rate increase helped pave the way for a largely technical rally in Gilt-edged securities.

Some nervous selling at the outset saw Gilts fall by up to ½. A subsequent rally took quotations back up to around previous closing levels with the recovery movement gathering pace after the base rate announcement from Barclays. The ensuing recovery enabled the Government broker to sell the remaining supplies of 10 per cent Conversion 2002 at 89½ with the quotation subsequently improving to close ⅛ higher at 90⅛. Net gains elsewhere in the longs ranged to ⅛, while rises extended to ⅛ in the mediums. Apart from low coupon stocks which trended easier, the shorts were usually a fraction dearer.

Thn announcement of further Government funding hy way of two taplets, £300m of 10½ per cent Exchequer 1995 and a similar amount of 11½ per eent Treasury 2001-04, made little impact on late sentiment.

Equities, in contrast, continued to retreat, albeit at a slower pece, as the market digested the implications of dearer credit. Consumer shares again bore the brunt of fresh selling with Stores and Breweries showing above average losses. Building and kindred issues continued dull in anticipation of an imminent large rise in the mortgage rate. Sentiment overall remained depressed by the protracted miners' dispute and the breakdown in talks aimed at ending the dock strike.

An opening mark down in blue chips failed to deter selling and quotations eased further before staging a small rally. This soon petered out with prices drifting lower throughout most of the afternoon. A slight after-hours improvement was reflected in the Financial Times Industrial Ordinary share index which closed 11 points down at 782.0 after touching its lowest of the day at 3.00 pm with a fall of 11.9. This left the index 37.3 down so far on the week and at its lowest level since the beginning of the year.

The new FTSE Index dropped below its 1,000 base level for the first time since its introduction on February 13 last, touching 995.6 around 10.00 am before closing 12.7 off on balance at 1,001.7.

Phoenix up again

Continuing to reflect strong rumours that Allianz have recently built up a sizeable stake in Phoenix prior to launching a full-scale bid, the latter's shares advanced further to close 18 up on the day at 483p; news of the proposed merger with Sun Alliance, 8 down at 360p, came well after market hours. Commercial Union, the other major UK composite rumoured to be on Allianz's shopping list, rallied smartly from an initial dull level of 199p to close a penny firmer on balance at 208p. Elsewhere, the surrounding malaise took General Accident down 16 to 440p and GRE 10 to 538p. Among Lloyds Brokers, Willis Faber fell 22 to 850p.

Around 10 lower following a nervous morning session, the major clearing banks rallied smartly in response to the base rate increases. Barclays, the first to move its rate up to 12 per cent, recovered from 450p to finish 6 better on the day at 465p. NatWest ended 7 higher at 600p, after 583p, while Lloyds closed a couple of pence harder at 428p, after 418p. The US$137m second-quarter loss incurred by its U.S. offshoot, European American Bank, had an early unsettling effect on Midland which dropped to 300p, before a recovery left the close at the overnight level of 310p. Discount Houses weakened afresh. Seccombe Marshall and Campion fell 20 to 290p as did Union to 640p, while Clive cheapened 5 to 46p and King and Shaxson 8 to 142p. Falls among merchant banks ranged to 13 with Hill Samuel that much down at 250p; sentiment here still depressed by last week's £41m cash call.

Following Rio Tinto-Zinc's successful tender offer in which it acquired a further 32m shares in the company at 101p per share against a maximum tender price of 110p, dealings in Enterprise Oil resumed at 96p compared with the suspension price of 99p; the price subsequently moved up to 100p before settling at 98p.

Attention in the drinks sector centred on cider concerns; market leader H. P. Bulmer announced preliminary profits in line with most estimates but encountered a defensive markdown following the bearish tone of the accompanying statement and closed 23 lower at 160p. Merrydown fell 30 to 380p in sympathy.

The prospect of a hike in mortgage rates when the Building Societies Association meets tomorrow, sparked a fresh wave of selling in the Building sector. Apart from renewed pressure on Construction shares, leading Building Material issues were also hit and falls here extended into double figures. The tone appeared a touch steadier after hours, but Tarmac still registered a fall of 10 at 418p, after a 1984 low of 414p, and Blue Circle closed a net 8 down at 375p, after a low for the year of 373p. Elsewhere, Costain were a dull market and declined 12 to 274p, while George Wimpey gave up 6 to 101p. Among secondary issues, Helical Bar dropped 7 to 18p following the dismal annual figures.

ICI encountered early selling and dipped to 536p before steadying up to close only 4 cheaper on balance at 540p.

Stores remain flat

Stores remained depressed as buyers steered clear of the sector in front of tomorrow's expected mortgage rate increase. Once again, double-figure falls were commonplace with Woolworth 13 lower at 430p, and Gussies "A" 500p, Burton, 228p, and Habitat Mothercare, 274p, all around 11 cheaper. Debenhams gave up 8 for a two-day loss of 16 at 161p.

Dearer money worries also unsettled selected second-line Stores. Dixons remained friendless and dipped 10 for a fall so far this week of 24 at 223p, while Harris Queensway, 140p, and Currys, 228p, shed 8 and 5 respectively. Mail-orders also suffered with Freemans 6 off at 94p, and Grattan 4 cheaper at 86p. Rumoured "shell" situation Arthur Henriques closed 6 lower at 68p, while long-term speculative favourite J. Hepworth came back 8 to 262p.

Amid the gloom in *Electricals*, Thorn EMI staged a late improvement, closing 9 higher at 516p as buyers took an optimistic view ahead of today's annual figures. Elsewhere, speculation that interest rates in Hong Kong would soon be lifted to around 20 per cent further depressed both BSR and Cable and Wireless; the former declined 15 afresh to 165p and the latter closed 13 down at 275p. Double-figure losses were sustained by several high-technology stocks.

The move towards even dearer credit brought further falls to the Engineering sector. GKN, however, which fell 8 on Tuesday, recovered from an initial level of 156p to close a penny dearer on balance at 159p. Other leaders lost ground with Hawker 4 lower at 411p and Vicker 3 down at 159p. Baker Perkins gave up 5 at 126p and Simon dropped 14 at 394p. Tace, on the other hand, gained 3 to 201p in response to the bumper interim earnings and Tex Abrasives added the same amount to 52p following more-than-doubled annual profits.

Leading Food Retailers followed the major Stores in reflecting worries about the prospect of reduced consumer spending. J. Sainsbury lost 5 to 498p, while Tesco and Associated Dairies both shed 4 to the common level of 158p. Dee Corporation fell 10 to 460p, but Amos Hinton continued to reflect the company's confirmation of a recent merger approach and rose 7 for a two-day gain of 42 to a 1984 peak of 305p. Food manufacturers Avana dropped 25 to 425p following adverse Press comment.

Jardine Matheson fall

BTR plummeted 12 to 416p. Among the miscellaneous industrial leaders, while Unilever dropped 18 to 885p and Hanson Trust relinquished 8 at 203p. Reed International closed 4 lower at 424p, after 418p, despite *Mr Maxwell's increased offer* for the Mirror Group publications; meanwhile Fleet Holdings fell 7 to 175p on fading hopes of a bid from Mr Maxwell's Pergamon Press. Elsewhere, Jardine Matheson lost 9 to 55p on nervous selling accompanied by vague rumours of liquidity problems, while fears that interest rates in Hong Kong would soon be raised to around 20 per cent exacerbated the trend. Hutchison Whampoa gave up 8 to 83p in sympathy. Fading hopes of a GEC bid left British Aerospace 8 lower at 327p. Rotaprint gave up 2 to 7½p on the disappointing results. By way of contrast, Silverthorne were marked up 8 to 50p, to match terms of the cash bid from Unochrome, a subsidiary of Eastern Prouce. J. H. Fenner hardened 2 to 146p on hopes of an increased bid from Hawker.

Motor sectors closed with moderate losses across the board. Lucas set the tone, falling to 175p before settling a net 8 off at 177p, while Automotive Products eased 3 for a two-day fall of 8 at 58p. Dowty, due to announce preliminary figures next Thursday, gave up 6 to 132p. Among Distributors, support was again lacking for British Car Auction, 9 lower at 86p, while Lex Service shed 8 more to 345p. Group Lotus finished 2 cheaper at 58p in front of tomorrow's annual figures.

Marked down at the outset in line with other sectors, leading Properties soon recovered their poise on the appearance of cheap buyers and final quotations were usually no more than a penny or so below overnight levels. Secondary issues displayed a bright feature in Daejan which jumped 23 to 258p in response to the near-doubled annual profits. After Tuesday's fall of 16 that prompted a statement from the company, Espley Trust staged a partial rally and the close was a net 7 up at 35p. The 11½ per cent convertible, however, dipped to £48 prior to closing a net 3 points off at £52.

Fears that the national dock dispute could escalate to seriously affect the ferry services further undermined Shippings. Associated British Ports closed 17 off at 183p with the new nil-paid 16 down at 14p premium. Milford Dock dipped 5 to 34p. P&O Deferred, still unsettled by thoughts that Trafalgar House is unlikely to renew its offer, fell 6 more to 285p, while British and Commonwealth, 830p, and Caledonia, 730p, declined 20 apiece.

Irish oils weak

Irish exploration issues were notable casualties in an otherwise subdued Oils market. A rumoured Colombian drilling report from Eglinton Oil failed to materalise and Eglinton shares dropped to 152p before closing a net 26 down at 162p. Bryson Oil also encountered sizeable selling pressure and retreated 72 to 448p, after 443p. Aran Energy settled 4 off at 35p, after a 1984 low of 32p while Bula Resources gave up 2 to 19p.

Leading stocks drifted in early trading but rallied towards the close of business to end little changed on balance. Britoil recovered from 220p and closed a net 4 to the good at 227p while LASMO posted a 3 rise at 276p, but Ultramar lacked support and were finally 15 off at 240p, after 238p.

Petranol continued to weaken and gave up 35 more at 420p—a two-day decline of 85.

Heavy falls in Golds

Mining markets continued to demonstrate their sensitivity to movements in bullion levels and also to currency fluctuations.

Bullion came under renewed pressure at the outset and fell sharply to $335 before recovering to close only $?? easier on balance at $?? an ounce.

Gold shares were equally volatile. Prices were marked down in initial business, staged a good rally in the early afternoon and then eased afresh, albeit in thin trading.

Although most issues closed above the day's lowest levels falls remained sufficient to leave the Gold Mines index 27.3 down at 532.8.

Leading heavyweights were highlighted by persistent weakness in Randfontein which dropped £5½ to a 1984 low of £84½, while President Brand were hard-hit and closed £2½ cheaper at £26½ and Western Deep a like amount off at £33½.

Cheaper priced stocks provided notable weak spots in Bracken, 14 lower at 175p and Marievale which gave up 20 to a year's low of 194p.

The latest shakeout in Golds brought equally severe pressure to bear on South African Financials. Tuesday's rally in De Beers was brought to an abrupt halt and the shares fell away to close 20 off at 457p. Gencor dropped ½ to a 1984 low of £11½. Middle Wits 50 to 700p and Anglo American Corporation ½ to £11½. UK-registered issues closed above the day's lowest levels but showed widespread losses. Charter dipped 8 to 190p, Hampton Areas 7 to 170p, and Gold Fields 6 to 478p, after 475p. RTZ fell to a year's low of 528p before recovering a shade to close a net 10 down at 530p.

Platinums mirrored the trend in Golds. Impala and Rustenburg dropped 35 apiece at respective 1984 lows of 860p and 650p. Australians turned easier in the wake of Wall Street overnight and the weaker trend in precious and base metal markets. Leading Golds showed Gold Mines of Kalgoorlie 20 off at 410p and Central Norseman 15 down at 293p. Among the leaders, Western Mining dipped 4 to 186p despite the Australian Government's more favourable attitude to uranium exports and the decision to proceed with the Roxby Downs uranium/copper mine.

Demand for Traded Options continued to expand with 4,489 contracts struck. The FTSE 100 contributed 649 calls and 406 puts. Imperial Group remained active awaiting today's first-half figures and attracted 242 calls and 193 puts.

FINANCIAL TIMES STOCK INDICES

	July 11	July 10	July 2	July 3	July 3	July 4	year ago
Government Secs	76.53	76.47	77.25	77.79	78.02	72.22	80.00
Fixed Interest	21.10	81.55	81.22	22.25	22.40	82.38	82.90
Industrial Ord.	782.0	783.0	811.6	219.6	833.5	834.1	373.9
Gold Mines	536.8	660.1	632.6	539.2	362.4	688.8	364.8
Ord. Div. Yield	3.04	4.99	4.88	4.84	4.77	4.77	4.74
Earnings, Yld.% (full)	11.71	11.52	11.34	11.24	11.07	11.07	9.36
P/E Ratio (net) (*)	10.26	10.38	10.60	10.70	10.86	10.26	13.30
Total bargains (Est.)	19,581	17,327	16,620	13,843	15,433	12,323	19,030
Equity turnover £m.	—	208.42	183.70	213.88	182.84	251.88	194.37
Equity bargains	—	14,308	13,737	12,231	12,764	13,799	14,148
Shares traded (ml)	—	113.7	106.7	123.8	105.1	168.4	103.7

10 am 778.7. 11 am 783.0. Noon 782.5. 1 pm 781.8. 2 pm 781.4. 3 pm 781.1.

Basis 100 Govt. Secs. 2/1/58. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.21.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	76.47 (10/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/5)	81.10 (11/7)	166.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	922.8 (3/5)	770.3 (4/1)	928.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (19/6)	520.3 (17/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	July 10	July 9
Daily Gilt Edged Bargains	163.3	130.8
Equities Bargains	92.7	102.0
Value	421.3	321.5
5-day Average Gilt Edged Bargains	146.9	144.9
Equities Bargains	89.2	86.2
Value	424.8	414.9

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	58	25	15
Corpns, Dom and Foreign Bonds	1	45	34
Industrials	57	870	481
Financial & Props.	23	336	162
Oils	8	58	54
Plantations	—	13	7
Mines	4	110	61
Others	10	96	152
Totals	161	1,553	970

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 9	July 20	Oct 11	Oct 22
July 23	Aug 3	Oct 25	Nov 5
Aug 6	Aug 17	Nov 8	Nov 19

For rate indications see end of Share Information Service.

Call options were arranged in Davy Corporation, Tricentrol, Bryson, Acorn Computer, Turner and Newall, Espley Trust, Ramar Textiles, Jardine Matheson, Eglinton Oil, Waterford Glass, Southern Resources, Barratt Developments, British Aerospace, Premier Oil, Associated British Ports, Strong and Fisher, Brunswick Oil and Cosalt. A put was done in Lonrho, while a double was transacted in Eglington Oil.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed July 11 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Tues July 10 Index No.	Mon July 9 Index No.	Fri July 6 Index No.	Thurs July 5 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (203)	458.55	−2.1	10.79	4.19	11.71	468.23	477.83	482.95	489.00	459.68
2	Building Materials (23)	413.06	−2.0	15.20	5.75	8.17	421.33	431.20	435.39	441.39	419.60
3	Contracting, Construction (30)	617.03	−3.1	16.39	6.14	7.78	636.97	644.11	648.30	654.43	717.64
4	Electricals (14)	1467.98	−2.7	9.55	5.07	13.05	1508.63	1516.07	1526.43	1540.26	1756.00
5	Electronics (31)	1629.86	−1.6	9.01	2.49	14.22	1656.69	1682.90	1712.88	1739.06	0.0
6	Mechanical Engineering (62)	234.86	−1.9	11.95	5.13	10.25	239.44	243.62	247.08	249.78	196.92
8	Metals and Metal Forming (9)	167.11	−2.1	12.26	7.56	10.84	170.64	176.63	178.23	180.02	163.46
9	Motors (17)	117.89	−3.3	7.01	5.20	—	121.83	123.87	125.11	126.20	106.37
10	Other Industrial Materials (17)	596.56	−2.7	7.98	4.11	15.74	613.18	630.79	631.82	637.47	512.99
21	CONSUMER GROUP (193)	471.98	−1.8	11.64	4.67	10.58	480.59	488.77	494.18	508.52	431.44
22	Brewers and Distillers (23)	495.85	−1.7	13.09	5.18	9.39	504.43	516.58	521.78	527.16	444.08
25	Food Manufacturing (22)	362.45	−1.9	15.44	6.02	7.98	369.30	368.88	372.16	377.11	328.96
26	Food Retailing (12)	1091.84	−1.8	7.86	2.89	16.67	1112.29	1119.45	1123.68	1139.12	827.65
27	Health and Household Products (9)	771.32	−1.0	6.43	3.14	18.65	779.12	782.95	796.95	803.30	769.16
29	Leisure (23)	563.27	−1.5	10.46	5.25	12.32	572.00	584.80	588.93	596.85	519.25
32	Newspapers, Publishing (13)	1277.87	−2.2	8.22	4.27	15.23	1306.15	1314.62	1323.53	1326.13	887.34
33	Packaging and Paper (15)	218.13	−1.8	13.67	5.21	8.46	222.09	225.78	228.63	233.50	175.68
34	Stores (46)	395.78	−2.5	10.42	4.42	12.87	406.02	415.77	422.18	430.30	358.53
35	Textiles (19)	249.24	−1.8	14.74	5.37	7.86	253.78	257.45	261.24	266.16	205.68
36	Tobaccos (3)	600.58	−1.5	18.29	6.01	6.17	609.56	635.45	638.74	642.26	399.68
39	Other Consumer (8)	424.78	−2.3	14.32	5.08	—	435.00	438.39	440.54	444.18	394.21
41	OTHER GROUPS (87)	413.19	−2.0	10.59	4.74	11.70	421.54	426.57	431.50	438.73	369.86
42	Chemicals (17)	549.57	−0.9	13.53	5.40	9.15	554.76	559.46	568.64	581.48	520.28
44	Office Equipment (4)	119.18	−2.5	8.03	6.06	16.42	122.20	122.24	122.80	124.15	113.97
45	Shipping and Transport (14)	780.19	−2.6	8.79	5.62	15.69	801.18	817.24	822.68	829.02	693.41
46	Miscellaneous (52)	574.79	−2.6	9.03	4.80	13.43	589.87	598.80	603.78	612.68	488.50
49	INDUSTRIAL GROUP (483)	463.62	−1.9	11.20	4.53	11.09	472.64	480.55	486.11	492.62	424.81
51	Oils (17)	1006.58	−0.7	14.64	6.78	8.49	1013.45	1021.18	1037.53	1067.83	926.54
59	500 SHARE INDEX	509.17	−1.7	11.78	4.98	10.55	517.99	525.87	532.34	540.88	466.82
61	FINANCIAL GROUP (120)	361.58	−1.0	—	5.92	—	365.04	368.85	371.95	376.97	320.66
62	Banks (6)	351.67	+0.5	25.89	8.06	4.54	349.96	352.67	353.91	361.64	351.67
63	Discount Houses (6)	390.80	−3.4	—	7.83	—	404.71	404.71	413.93	426.92	285.37
65	Insurance (Life) (9)	470.45	−0.7	—	5.66	—	473.91	473.55	477.99	479.55	423.23
66	Insurance (Composite) (9)	268.96	−1.4	—	6.62	—	272.65	277.82	281.19	282.98	209.25
67	Insurance (Brokers) (6)	778.94	−1.9	9.54	4.32	14.68	793.78	804.94	809.23	817.52	538.07
68	Merchant Banks (12)	189.30	−3.5	—	5.39	—	196.19	198.92	202.82	205.22	187.82
69	Property (53)	555.08	−0.8	5.76	3.81	23.36	559.37	567.92	570.75	581.85	460.35
70	Other Financial (19)	229.26	−2.3	12.47	6.83	9.71	234.61	234.91	238.05	240.58	242.84
71	Investment Trusts (104)	468.33	−1.7	—	3.90	—	476.33	475.70	477.19	479.23	433.67
81	Mining Finance (4)	255.07	−1.9	11.00	5.88	11.58	259.89	258.19	259.89	269.89	280.98
91	Overseas Traders (14)	497.31	−2.8	10.67	7.67	12.12	511.43	516.50	518.00	518.12	447.71
99	ALL-SHARE INDEX (742)	471.20	−1.6	—	5.06	—	478.83	485.07	490.39	497.85	431.39
		Index No.	Day's Change	Day's High	Day's Low						
	FT-SE 100 SHARE INDEX	1001.7	−12.7	1001.7	995.6	—	1014.4	1033.5	1042.3	1062.7	0.0

FIXED INTEREST

	PRICE INDICES	Wed July 11	Day's change %	Tues July 10	xd adj. today	xd adj. 1984 to date
	British Government					
1	5 years	113.77	—	113.76	—	5.94
2	5–15 years	121.38	+0.20	121.14	—	7.32
3	Over 15 years	126.66	+0.52	126.01	—	8.33
4	Irredeemables	137.11	—	137.11	—	7.27
5	All stocks	121.18	+0.19	120.96	—	7.04
6	Debentures & Loans	101.01	−0.90	101.92	—	5.52
7	Preference	74.73	−0.63	75.20	—	3.42
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	98.49	−0.48	98.96	—	1.36

	AVERAGE GROSS REDEMPTION YIELDS		Wed July 11	Tues July 10	Year ago (approx.)
	British Government				
1	Low	5 years	11.59	11.57	9.98
2	Coupons	15 years	11.45	11.51	10.52
3		25 years	10.87	10.90	10.17
4	Medium	5 years	12.71	12.73	11.68
5	Coupons	15 years	11.99	12.02	11.34
6		25 years	11.35	11.51	10.69
7	High	5 years	12.68	12.69	11.81
8	Coupons	15 years	12.12	12.17	11.52
9		25 years	11.33	11.39	10.87
10	Irredeemables†		10.75	10.74	10.05
11	Debs &	5 years	12.83	12.66	12.55
12	Loans	15 years	13.08	12.86	12.31
13		25 years	13.05	12.91	12.23
14	Preference†		13.24	13.15	12.20
15	Inflation rate	5%	3.99	3.95	3.35
16		10%	3.81	3.77	3.18

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
B.P. (*455)	420	22	40	—	5	15	—
	430	5	23	55	50	40	45
	500	1½	10	22	88	76	87
	550	1½	0	10	118	125	130
Cons Gold (*477)	[illegible]	[illegible]	[illegible]	60	7	16	22
	[illegible]	[illegible]	[illegible]	43	28	43	48
	[illegible]	[illegible]	[illegible]	27	72	80	85
	[illegible]	[illegible]	[illegible]	10	188	160	130
	[illegible]	[illegible]	[illegible]	10	172	180	180
Courtaulds (*112)	[illegible]	[illegible]	[illegible]	10	3	7	10
	[illegible]	[illegible]	[illegible]	11	9	12	16
	[illegible]	[illegible]	[illegible]	7	18	20	23
	[illegible]	[illegible]	[illegible]	4½	28	30	33
	[illegible]	[illegible]	[illegible]	2½	48	49	51
Com. Union (*207)	[illegible]	[illegible]	[illegible]	—	0½	—	—
	[illegible]	[illegible]	[illegible]	—	0½	3	—
	[illegible]	[illegible]	[illegible]	44	1	5	7
	[illegible]	[illegible]	[illegible]	30	5	18	18
	[illegible]	[illegible]	[illegible]	19	10	28	28
	[illegible]	[illegible]	[illegible]	—	34	38	—
G.E.C. (*18C)	[illegible]	[illegible]	[illegible]	34	1	0	0
	[illegible]	[illegible]	[illegible]	20	7	11	18
	[illegible]	[illegible]	[illegible]	12	92	24	26
	[illegible]	[illegible]	[illegible]	—	42	48	—
Grand Met. (*306)	[illegible]	[illegible]	[illegible]	—	0½	—	—
	[illegible]	[illegible]	[illegible]	—	1	6	—
	[illegible]	[illegible]	[illegible]	28	4	11	14
	[illegible]	[illegible]	[illegible]	13	86	34	40
	[illegible]	[illegible]	[illegible]	7	36	02	68
I.C.I. (*540)	[illegible]	[illegible]	[illegible]	60	3	11	15
	[illegible]	[illegible]	[illegible]	22	16	30	54
	[illegible]	[illegible]	[illegible]	14	62	00	72
	[illegible]	[illegible]	[illegible]	6	108	114	116
Land Sec. (*272)	[illegible]	[illegible]	[illegible]	—	0¼	—	—
	[illegible]	[illegible]	[illegible]	—	0½	—	—
	[illegible]	[illegible]	[illegible]	—	1	3	—
	[illegible]	[illegible]	[illegible]	—	8	—	—
	[illegible]	[illegible]	[illegible]	30	3	7	13
	[illegible]	[illegible]	[illegible]	17	12	18	96
	[illegible]	[illegible]	[illegible]	10	30	33	36
Marks & Sp. (*205)	[illegible]	[illegible]	[illegible]	24	4	6	13
	[illegible]	[illegible]	[illegible]	16	13	12	21
	[illegible]	[illegible]	[illegible]	8	34	36	38
	[illegible]	[illegible]	[illegible]	4	54	56	58
	[illegible]	[illegible]	[illegible]	—	74	76	—
Shell Trans. (*616)	[illegible]	[illegible]	[illegible]	—	2	—	—
	[illegible]	[illegible]	[illegible]	45	3	18	28
	[illegible]	[illegible]	[illegible]	27	37	48	50
	[illegible]	[illegible]	[illegible]	13	87	90	26

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Barclays (*464)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gp. (*148)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LASMO (*276)	260	88	40	60	8	13	80
	280	16	88	38	18	25	30
	300	10	22	50	33	57	47
	330	5	15	20	58	68	07
	360	2½	10		88	92	—
Lonrho (*137)	120	20	81	27	1	1½	5⅛
	130	12	16	20	1½	5½	7½
	140	3½	8	13	6½	13	16
	160	8	5	7½	24	27	28
P. & O. (*284)	860	35	40	—	2	0	—
	280	17	26	52	6	14	18
	300	8	16	23	17	24	27
	330	9	8	18	44	47	49
Racal (*210)	800	17	26	52	7	10	13
	280	7	16	88	10	20	24
	240	5	0	18	34	34	30
R.T.Z. (*639)	650	88	35	47	50	45	48
	600	9	17	28	72	77	80
	650	2	9	14	122	123	126
	700	1½	3		176	175	—
Vaal Reefs (*$102)	100	8	13	10	0	8	10
	110	6¾	8⅛	10½	11	13	10
	120	2	6¼	7½	19	21	23½
	130	1	3	4	28½	30	31
	140	0½	1	2¼	38½	39½	40½

Option		Calls Sep.	Calls Dec.	Calls Mar.	Puts Sep.	Puts Dec.	Puts Mar.
Beecham (*281)	280	23	32	37	3	10	14
	300	11	22	30	18	25	94
	330	3	10	10	45	50	08
	360	2	6	—	76	72	—
Bass (*356)	300	66	—	—	1½	—	—
	660	35	42	—	6	10	—
	360	17	23	32	20	30	32
	390	7	10	13	40	45	60
De Beers (*$5.98)	600	40	65	82	60	45	53
	650	24	42	67	67	73	72
	700	13	27	—	113	115	—
	750	8	18	—	160	162	—
	800	6	10	—	210	210	—
	850	2	6	—	260	260	—
Guest Keen (*159)	160	11	16	22	10	13	15
	180	6	8	12	23	28	60
	200	8	4	—	44	46	—
	220	1	3	—	64	66	—
Hanson (*203)	180	32	47	—	3	2	—
	187	29	—	—	3	—	—
	200	16	81	22	13	17	18
	220	7	10	13	25	28	60
Tesco (*158)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Index (*999)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

July 11. Total Contracts 4,489. Calls 1,987. Puts 2,502

* Underlying security price.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
‡180	F.P.	2/8	222	162	‡Appl'd H'graph's.5p	170	−5	—	—	—	—
—	F.P.	—	930	120	Do. Warrants	135	+5	—	—	—	—
270	100	10/8	105	14	Assoc Brit Ports	14	−16	8.6	2.9	6.6	6.8
§88	F.P.	17/8	92	87	‡Bush Radio 10p	88	−2	bg1.0	4.5	1.6	17.8
§30	F.P.	3/2	33½	64	‡Clogau Gold 10p	64		—	—	—	—
**	F.P.	—	85	23	Darby Tst. Warrants	23		—	—	—	—
41	F.P.	20/7	50	23	‡Ennex.Intnl. Ir10p	27		—	—	—	—
*123	100	12.2	106	26	Enterprise Oil	98	−1	b7.0	3.2	3.4	8.4
25	F.P.	3/8	120	105	Etam 10p	105	−3	2.6	2.2	3.4	14.7
—	F.P.	—	13	8	Gartmore I.&F.Warr.	9	−1	—	—	—	—
§33	Nil	3/8	38	32	‡Gee-Rosen 3p	32	−2	u1.3	1.6	6.7	12.2
§37	F.P.	27/7	72	68	‡Global Group 10p	70	−4	u2.25	1.8	4.6	17.3
§25	F.P.	10/8	30	32	‡Hobson 3p	32	−1	—	—	—	—
§93	P.P.	16/7	124	94	‡HoldenHydr'm'n10p	116	−2	u6.33	3.8	4.0	10.2
120	F.P.	13/7	136	137	‡Hunter Saphir	146	−3	g1.69	3.7	1.6	23.5
120	F.P.	12/7	132	120	LCA Hldgs. 20p	123	−2	b1.5	3.4	1.7	20.4
§108	F.P.	20/7	109	23	‡Lon. & Clydeside	22		bg5.3	2.0	7.7	2.2
¶125	F.P.	27/7	126	173	LoweHo'ard-Spink10p	173	−2	bg3.3	2.9	3.0	16.3
§100	P.P.	17/8	108	100	‡Mayfair & City Prop	100		bg3.0	1.2	4.3	20.5
¶¶	F.P.	—	48	42	MurrayVenturesWrrts	46	−1	—	—	—	—
15	F.P.	22/8	163	166	‡Northamber 5p	140	−8	u1.0	3.4	1.0	33.1
—	F.P.	—	£12¼	£12	PLM AB A 2k 25	£12½		—	—	—	—
§2k126	F.P.	—	£18¼	£12	Do. B 2k 25	£12½		—	—	—	—
§60	F.P.	—	62	61	‡Pacific Sales 10p	61		b2.4	2.2	2.4	3.5
80	F.P.	6/8	86	03	‡Ostrogen Pet. Inc.I.	33	−3	—	—	—	—
§68	F.P.	13/7	73	68	‡Petrolex 5p	69	−3	—	—	—	—
28	F.P.	12/7	82½	24	‡Pio'd'ly Rad. N/V.5p	24		31.88	1.0	11.8	12.3
‡10¼	F.P.	—	13	11½	‡Pres. Entertain. 10p	12		bg0.4	2.0	4.8	15.2
¶196	F.P.	19/7	238	203	Reuters 'B' 10p	223	−2	b2.5	4.1	1.6	22.0
§63	F.P.	13/7	66	60	‡Spectra Auto. 10p	60		ue.28	2.2	3.4	12.0
§130	F.P.	3/2	140	113	‡Spectrum 5p	136	−5	b2.0	3.5	2.1	15.2
§110	P.P.	13/8	128	118	‡Stat-Plus 3p	114		u1.8	3.3	2.3	17.8
§110	F.P.	22/8	170	128	‡SteelBurrillJones10p	163	−2	b4.8	2.3	4.3	14.8
‖‖	P.P.	—	220	205	‡Telecomputing 10p	210		b1.0	—	0.6	—
§145	F.P.	27/7	186	133	‡Trencherwood 10p	133		bgd4.3	3.2	4.8	0.3
Ir43p	F.P.	8/7	40	30	‡Tuskar Res.Ir 5p	31	−2	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+ or −
§22.19	£25	27/7	23⅞	20	Border & S'thern 11½% Deb. 2tk. 2014	20	
‖	Nil	25/7	9¼pm	3pm	Cap & Counties 8½% Cnv. Uns. Ln. 1999-04	3pm	−2
‖	Nil	6/7	99½	97	Comfort Int. 7½% Cnv. Uns. Ln. 1997-2001	97	−1
3,764	£25	13/9	24¼	18½	EOF 11½% Ln. 2009.12	19¼	−½
97,780	£30	3/10	88¼	83¼	Eaton Fn. N/V 12½% Uns. Ln. 2014	26¼	−¼
§98,162	£23	28/11	26⅛	22	Merley 11½% Deb. 2009	22	−1⅛
¶¶	F.P.	13/7	100	86	‡Micro Bus. Sys. 8pc Uns. Ln.1997	83	−2
—	F.P.	—	100⅛	99⅝	Nationwide 10½% 24.6.85	99⅝	
—	F.P.	—	100¼	99½	Do. 11½% 16.7.85	99½	
82,688	£30	24/10	69¼	28	New Zealand 11½% 2014	22	−1½
¶¶	F.P.	—	83	80	Polly Peck 6pc Cum.Cnv.Red.Pref	80	−3
§100	£10	6/9	16¼	11⅛	Portsmouth Water 15% Red. Deb. 1994	12	
§97.80	F.P.	12/7	105½	83¾	Province de Quebec 12½% Ln. 2020	93½	
¶¶	F.P.	4/7	102	91	Robinson Thomas 7½ Cum.Cnv.Red.Orf.	91	−2
¶¶	F.P.	5/9	108	106	Saatchi & Saatchi 6% Cnv.Uns.Ln.2015	107	
‖	F.P.	3/7	98	26	Tern-Conc'ite.9% Cnv.Cm.Rd.Prf.97-2000	96	−2
98.641	£30	7/8	30	20¼	Trinidad & Tobago 12½% Ln. 2008	20¼	−½
‖	F.P.	3/7	97¼	96¾	Upton (E.) 10% Cnv. Uns. Ln. 1980	97	
£100	£10	27/9	16¼	11⅛	York Waterworks 13% Red. Deb. 1294	12	

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+ or −
A$3.7	Nil	—	30pm	45pm	Australia & N.Z. BankingA$1	50pm	+5
A$7.6	A$4	2/3	643	336	Broken Hill PropA$2	370	−4
80	F.P.	—	87	90	Canning (W.)	96	
410	F.P.	17/8	455	416	Cater Allen £1	460	−17
e36	Nil	1/8	32pm	23pm	Cookson 50p	23pm	−5
19	Nil	17/2	4pm	1½pm	Hyman (I & J) 5p	1½pm	
181	F.P.	29/3	217	190	Ladbroke 10p	190	−10
30	Nil	13/8	26pm	13pm	Marshall's Universal	13pm	
85	Nil	—	12pm	8pm	Moss (Robert) 10p	8pm	−3
A30.65	Nil	27/6	20pm	10pm	North Kalgurli	10pm	
123	Nil	—	32pm	30pm	‡Pict. Petroleum £1	32pm	
A$4	A$2	—	248pm	122pm	Santos A0.25c	228pm	−2
830	F.P.	9/8	340	615	‡Saxon Oil	326	
355	Nil	13/8	07pm	60pm	Systems Designers 3p	65pm	−2
40	Nil	24/8	10pm	3pm	Uniflex 10p	6pm	−3

*Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ▦ Allotment letters (or fully-paid). ‖‖ Introduction. ‡ Unlisted Securities Market. § Placing price. †† Official London Listing. ‡ No par value.*

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (15)

AMERICANS (10)
Ameritech, NYNEX, Bell Atlantic, Pacific Telesis, Brunswick Corp., Quaker Oats, Colgate-Palmolive, Rohr Inds. Inc., Houston Nat. Gas, US West

FOODS (1)
Hinton (A.)

INDUSTRIALS (3)
Dover Corp., Silverthorne, Jacksons Bourne End

PROPERTY (1)
Daejan

NEW LOWS (340)

BRITISH FUNDS (18)
INT. BK. & O'SEAS GOVT. STLG. ISS. (13)
CORPORATION LOANS (11)
LOANS (15)
BANKS (3)
BREWERS (11)
BUILDINGS (23)
CHEMICALS (5)
DRAPERY & STORES (38)
ELECTRICALS (25)
ENGINEERING (8)
FOODS (7)
HOTELS (1)
INDUSTRIALS (70)
LEISURE (10)
MOTORS (9)
NEWSPAPERS (1)
PAPERS (2)
PROPERTY (5)
SHIPPING (4)
SHOES (1)
SOUTH AFRICANS (2)
TEXTILES (5)
TRUSTS (22)
OIL & GAS (14)
OVERSEAS TRADERS (5)
PLANTATIONS (3)
MINES (59)

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Associated Brit Ports	183	−17
British Aerospace	327	− 8
BP	438	− 2
Commercial Union	208	+ 1
Eglington Oil & Gas	162	−26
Enterprise Oil New	98	− 1
Espley Trust	35	+ 7
Fleet Holdings	175	− 7
ICI	540	− 4
Phoenix Assurance	483	+18
Reed International	424	− 4
RTZ	530	−10

Based on bargains recorded in Stock Exchange Official List.

TUESDAY'S ACTIVE STOCKS

Stock	No. of changes	Tues. close	Day's change
Phoenix Assur	14	465	+ 7
BAT Inds	13	220	−10
Beecham	13	295	—
Espley Trust	13	28	−12
Cable & Wire	12	288	− 7
Cns Gold Flds	12	484	+11
Glaxo	12	850	−10
ICI	12	544	− 2
BTR	11	428	−13
Brit Aerospace	11	335	− 6
Eng China Clys	11	207	− 2
Ferranti	11	455	−50
Royal Ins	11	463	− 7
Unilever	11	903	+ 6

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100	97	Treas 12pc 1984	99	−⅛	12.90	11.60
105	101	Treas 15pc 1985	101	−⅛	14.75	12.59
102¾	100	Exch. 12pc Cnv. 85	100	−¼	12.00	11.67
95⅛	93	Treas 3pc 1985	93	−⅛	3.20	10.67
102	99⅛	Treas 11½pc 1985	99	−¼	11.53	11.78
99	95	Treas 8½pc Cnv 85	95	−⅛	9.06	11.39
104	100	Exch 12¼pc 1985	100	−⅛	12.21	11.90
103	99	Exch. 11½pc '86	99	−⅛	11.23	12.17
102	96	Treas 10pc Cnv. 1986	96	+⅛	10.37	12.27
90	88¼	Treas 3pc 1986	89	−⅛	3.34	9.00
102	97	Exch. 10½pc Cv. 86	97	+⅛	10.81	12.25
104	99	Treas 12pc 1986	99	−⅛	12.09	12.38
98	93	Treas 8¾pc 1984-86‡‡	93	−¼	9.05	12.04
108	102	Exch 14pc 1986	103	+¼	13.58	12.33
87¼	85	Exch. 2½pc 1986	85	−¼	2.62	9.38
107	101	Exch. 13½pc 1987	101	+⅛	13.01	12.56
100	95	Treas 10¼pc Cv. 87	95	+⅛	10.79	12.53
86¼	83	Exch 2½pc 1987	83	−⅛	3.00	9.63
101	95	Exch 10½pc 1987	95	+⅛	11.03	12.60
92	87	Funding 6½pc '85-87‡‡	87	+⅛	7.45	11.96
99	93	Treas. 10pc 1987	93	+⅛	10.65	12.55
05	81	Treas 3pc 1987	82	−⅛	3.63	9.92
105	98	Treas. 12pc 1987	98	+⅛	12.20	12.56
96	88	Treas 7¾pc 1985-88‡‡	88	−⅛	8.81	12.00
100	93	Exch 10½pc '88	93	+⅛	11.17	12.54
98	90	Treas 9½pc Cv. 88	91	+⅛	10.70	12.68
82	7[illegible]	Transport 3pc '78-88	79	−⅛	3.53	9.65
96	89	Treas. 9½pc '88	89	+⅛	10.59	12.64
106	95	Treas 11½pc 1989	95	+⅛	12.00	12.68
95	88	Treas 9½pc Cv. '89	89	+⅛	10.66	12.58
95½	92	Treas 10½pc 1989	92	+⅛	11.37	12.61

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
45	37	Maclellan 20p	38	.....	1.6	2.1	6.2	8.8
138	44½	Macpherson (D.)	138	.....	ϕ2.25	0.1	2.3	—
64	47	Magnolia Group	47	.....	2.5	3.2	7.6	4.6
64	43	Mannet Hldgs 10p	43	.....	—	—	—	45.7
270	157	Man. Ship Can. £1	212	–8	5.5	3.5	3.7	10.9
95	68	Marley	68	–1	3.3	2.1	6.7	9.5
58½	40	Marling Ind. 10p	56½	–2	1.3	ϕ	3.3	ϕ
46	29	Marshall L'ey. 'A'	33	.....	1.2	3.6	5.2	5.9
*54	37	Marshall's Univ.	44	.....	ϕ1.75	—	5.7	13.2
30	20	Martin-Black	22	.....	—	—	—	—
£108	£88	Mathesons 7¾%	£98	.....	Q7¾%	2.3	18.2	—
378	296	Metal Box £1	302	–8	15.0	3.0	7.1	5.1
220	129	Metal Closures	162	–4	6.3	ϕ	5.6	ϕ
27	13	Metal Sciences 2½p	17	–1	—	—	—	—
19	8	Metalrax Jentique	10	–½	0.01	—	—	—
133	83	Midland Marts	85	–3	4.0	ϕ	6.7	ϕ
64½	45	Mitchell Cotts	52½	–1½	3.62	1.0	8.9	15.4
29	15	Moben Grp 1p	15	–1	0.5	2.5	4.8	9.5
168	132	Morgan Crucible	157	–3	7.5	1.2	6.8	15.9
10	13½	Morris (W) Fine Arts	15	–1	bg0.25	4.0	2.4	13.7
*95	80	Moss (Robt.) 10p	91	–1	2.5	2.9	3.9	11.0
330	197	MW Computers	290	–12	6.0	3.0	3.0	16.2
65	47	Nash Inds.	47	.....	4.0	2.2	12.6	5.3
47	30	Neil & Spencer 10p	33	.....	—	—	—	14.2
70	45	New Equip 10p	70	.....	ϕ1.15	6.5	2.3	9.4
33	16	Newman Indusits	19	–1	—	—	—	18.7
31	16½	Do. 11pc Cm. Cnv. Pf.	19	–1	10%	—	7.5	—
67	43½	Notton	53	+1	1.0	2.9	2.7	18.6
175	140	Norcros	140	–7	7.5	2.4	7.9	7.1
86	59	Nu-Swift 5p	62	.....	—	—	—	12.1
100	50	Oakwood Grp.	50	–5	‡dc.5	—	‡	—
190	145	Office & Elect.	172	.....	7.5	2.8	6.2	7.7
675	700	Orrlfane Intl SA	800	.....	Q53c	2.2	4.5	10.0
46	34	Overstone 12½p	34	.....	Q4.5c	2.2	7.6	6.1
£146	£120	Ozalid Fin. Cv.	£131	.....	Q9%	—	7.0	—
190	157	PCT Grp 10p	167	.....	bg4.0	ϕ	4.8	ϕ
110	74	PH Industrials	110	.....	ϕ5.0	2.0	6.5	8.9

LEISURE—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
158	98	Mngmt. Ag. M. 10p	125	–7	8.75	1.3	10.0	10
115	76	Medminster 10p	81	–2	4.5	2.3	7.8	8
171	138	Miss World 10p	160	–3	3.0	3.5	2.5	14
24½	16	Nationwide Leis.	16	.....	0.25	2.8	2.2	21
38	10	Nimslo Int 20c	12	+1	—	—	—	—
145	112	Norton Opax 10p	138	.....	t2.17	4.3	2.2	[illegible]
		For Our Price see Stores						
31½	16¾	Owners Abroad	16¾	–¼	0.75	6.1	6.4	[illegible]
66	35	Photax (Lon.)	48	.....	—	—	—	—
130	82	Pineapple Dnc 5: 10p	82	–3	d1.5	4.0	2.6	10
420	285	Pleasurama 5p	313	–3	6.5	4.7	3.0	10
158	80	Radio City 'A' NV	80	–5	5.6	1.9	10.0	7
70	57	Radio Clyde N.V.	57	–2	3.0	1.4	7.5	13
148	62	Riley Leisure 10p	62	–7	4.2	2.4	9.7	5
118	95	Saga Hols. 20p	96	.....	3.75	ϕ	5.6	ϕ
390	290	Samuelson Grp £1	325	–5	o12.6	2.7	5.3	10
27½	20	Sangers Photo 10p	21	.....	bg1.25	1.6	8.5	9.5
164	98	Scott. TV 'A' 10p	152	–2	8.1	2.9	7.6	7
280	186	SeaCo Inc.	277	.....	—	—	—	—
35	18	SelecTV 10p	20	.....	—	—	—	—
37	24	TSW 5p	30	+1	1.2	2.2	5.7	11
150	79	TVS N/Vtg 10p	130	–3	t2.0	5.5	2.2	10
50	22	Television Svcs 10p	24½	.....	ϕ0.7	3.1	1.2	33
90	64	Tottenham Hotspur	64	–1	b4.0	1.9	6.9	13
147	120	Trid'nt TV 'A' 10p	124	–5	t5.5	1.8	5.9	13
168	100	21st Century Dist	100	.....	—	—	—	—
197	135	Tyne Tees TV 'A' £1	163	.....	8.25	2.4	7.2	8
83	53¾	Ulster TV N/V 'A'	75	–2	h4.0	2.5	7.6	7
25½	17½	Webb (Jos.) 5p	17½	–½	d0.51	0.5	4.2	—
98	88	Zetters 5p	90	.....	73.1	3.0	4.9	9

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
76	52	BL 50p	55	–2	—	—	—	—
66	50	Coleman Milne 10p	60	.....	ϕ1.7	2.8	4.0	11

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

INSURANCES

LEISURE

PROPERTY—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australians

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
45	23	ACM 50c	23	–1	—	—	—
38	20	Allstate Expl'n. NL	20	–2	—	—	—
10½	4	Asia Oil & Minerals	4½	–¼	—	—	—
19	12	Aust. Hydrocarbon NL	16	–1	ϕ	—	—
28	17½	Austrans Mng NI	17½	–½	—	—	—
45	15	Balmoral Res.	26	–1	—	—	—
36	21	Black Hill Mins	21	–2	—	—	—
134	77	Bond Corp	86	–1	Q10c	0.7	7.6
117	105	Bougainville 1 Kina	105	–2	Q16.4c	1.2	9.2
406	280	CRA 12	280	–8	Q13c	1.5	2.9
86	44	Carr Boyd 20c	45	+1	—	—	—
40	25	Central Kalgoorlie	25	.....	—	—	—
24	20	Central Pacific	21	.....	—	—	—
4¼	2½	Cons. Gld Mg Areas NL	2½	–¼	—	—	—
8½	4½	Coopers Res. NL	4½	.....	—	—	—

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

OPTIONS — 3-month call rates

"Recent Issues" and "Rights" Page 43

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard, EC4P 4DX. 01-236 1833

High Income				
Gilts & Fixed Int	100.2	114.5	−0.9	10.48
High Inc Equity	58.5	62.2	−1.7	6.90
Capital Growth				
American Growth	49.4	164.7	−0.4	1.84
Assets & Ernngs. Tt.	55.4	59.5	−1.3	3.41
Capital Reserve (z)	51.8	52.1	−0.3	0.81
Commodity & Engy.	67.8	72.1	−1.0	3.19
General	85.5	90.4	−2.6	3.00
Japan	131.4	140.5	−0.6	0.21
UK Growth	55.1	59.3	−1.4	2.07
Acc. Units	77.2	83.0	−2.4	2.07
U.S. Emerging Co's	48.6	51.7	−0.1	0.50
Worldwide Bond	144.9	154.1	−0.3	3.57
Equitas Prog.	122.9	111.4	−3.3	4.08

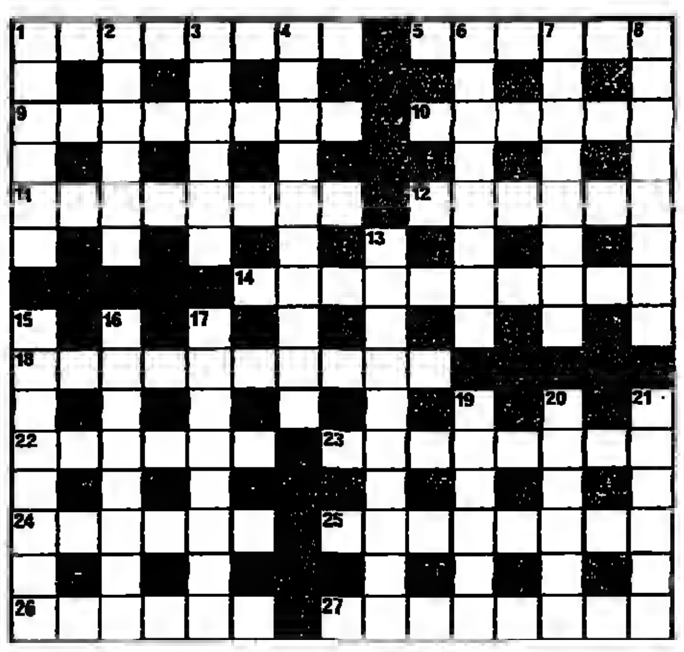
Aitken Hume
30, City Road, EC1Y 2AY. 01-628 6620

American Tech Fd	117.8	120.0		0.20
Inc & Gwth Fd	32.0	34.0	−1.0	4.42
Pacific Fd	120.8	129.2	−0.6	0.10
Secured Income Fd	114.5	122.5	−2.5	5.99
Special Sits.	144.7	154.1	−3.1	0.97
Energy FD	38.3	41.0	−0.7	0.60
American Majors	48.5	51.9	−0.3	2.00
Small Co's Fd.	244.0	269.0	−1.0	1.97
Jap. Technology	53.8	57.5	...	0.20

Allied Unit Trusts Limited (a)(g)
Allied Hambro House, Hutton, Brentwood, Essex
Brentwood. (0277) 211059 & 229123

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,463



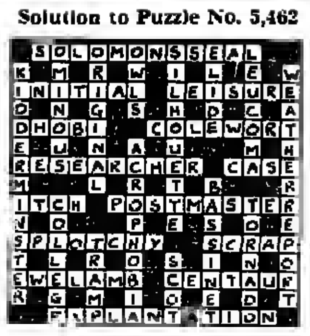
ACROSS

1 Decided taste song-writer put first (8)
5 Kisses and cuddles in three woods (6)
9 What Olive gives can be fried as a sort of central heating (3-5)
10 Forest tree-top burning (6)
11 Money got from advances (8)
12 Books dinner, perhaps, outside—what sort of arithmetic is needed? (6)
14 Epiphanic substitute? (7-3)
18 Mint universally put in cooked lamb—its contents can be licked (5-5)
22 Goods from overseas right out as school punishments (6)
23 Deacon is masquerading as a bishop (8)
24 I am about to stay in the same place (6)
25 Deficiency of silver in others' change (8)
26 Palm-oil? (6)
27 Descriptive of Homer's homer (8)

DOWN

1 Cue to players in the "Crucible" (6)
2 Was it this army pressure that defeated Villeneuve? (6)
3 New winder for Gray? (6)
4 Idler and low needler, in a way (4-2-4)
6 This big cigar makes flawless ring (8)
7 Late pay for bowling spell (8)
8 Composing and clearing debts (8)
13 Made great show of ground meal I dropped (10)
15 Here's hoping I spring a surprise (8)
16 Scouts need this absurdly theatrical enthusiasm (4-4)
17 Immaculate site down under (8)
19 Starters for the "Oaks" (6)
20 Total possessions — broken tea-set (6)
21 American houseman in Bury North (6)

Solution to Puzzle No. 5,462



INSURANCE, OVERSEAS & MONEY FUNDS

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd | $11.11 | +0.01 | —
Inv. Adv.: M & G Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	17.8	19.6	....	1.10
Chinese Fund	59.5	62.9	....	1.70
Precious Metal Fund	126.6	133.9	....	8.30
Vanguard Cmdy. Fd	28.5	29.3	....	2.20
Financial Futures Fd	60.5	63.0	....	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Dynamic Gwth Fd | 58.67 | +0.03 | —

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
Mallinhall Ltd 36 Berkeley Sq W1X 5DE 01-499 6634				
M'hall Mny Fd	8.75	9.05	Qtrl	Call
The Money Market Trust 65 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fd4	9.36	9.59	6-mth	Call
7-day Fnd	8.92	9.12	6-mth	7-day
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	9.50	9.72	6-mth	Call
7-day Fund	8.55	8.73	6-mth	7-day
Money Mngt. Acct.	9.50	9.72	6-mth	1-day
Dollar	10.00	10.25	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Aitken Hume 30 City Road EC1Y 2AY. 01-638 6070				
Treasury Acc.	8.55	9.04	Qtrl	Call
Monthly Acc.	8.75	9.11	Mthl	Call
Bank of Scotland 38 Threadneedle St, EC2P 2EH 01-628 8060				
Cheque Acc	10.25	10.75	Mthl	Call
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.25	10.65	Qtrl	Call
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL 01-588 2777				
Cater Allen	9.75	10.20	Mthl	Call
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	10.00	10.47	Mthl	Call
U.S. Dollar	11.25	12.01	Mthl	Call
German Marks	5.25	5.40	Mthl	Call
Swiss Francs	4.0	4.13	Mthl	Call
Japanese Yen	5.625	5.85	Mthl	Call
Cheslartons 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061 928 9011				
Cheque Acc	10.08	10.56	Mthl	Call
Co-operative Bank 78-80 Cornhill EC3 01-626 6543 Ex 464				
Cheque & Save	8.25	8.49	Qtrl	Call
Over £2,000	10.25	10.63	Qtrl	Call
Dartington & Co Ltd Dartington Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc	8.75	9.04	Qtrl	Call
Lombard North Central PLC 17 Bruton St, W1A 3DH 01-409 3434				
Notice Dep	9.0	9.21	Rate	14 day
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford 0245 51651				
High Int Cheque Acc	9.76	10.25	Daily	Call
Midland Bank plc PO Box 2, Sheffield 0742 20999 Ext 8718				
High Int Chq	10.00	10.38	Qtrl	Call
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB 0708 66966				
High Int. Stg. Acc.	9.63	10.00	Daily	Call
Premier Acc	9.55	10.00	Daily	Call
Tyndall & Co 29-33 Princess Victoria St, Bristol BS8 4BX 0272 732241				
Demand Acc	9.79	10.15	Qtrl	Call
Money Acc	9.75	9.54	Qtrl	Chq.7
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	9.00	9.38	Mthl	Call
Over £10,000	9.25	9.65	Mthl	Call

NOTES —Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. § Guernsey gross. ▶ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

'Milk quotas hit UK tractor sales'

UK TRACTOR registrations were 11,844 in the first six months of 1984, down 17.2 per cent on the previous year.

Mr G. R. Tiplady, president of the Agricultural Engineers Association, said: "We had anticipated that 1984 would be a year of lower sales volume than 1983, but the introduction of milk quotas has significantly hit sales over the last few months."

For the first three months sales were roughly in line with expectation, but decisions taken by the EEC on Common Agricultural Policy prices and actions to curb the surpluses caused a mood of uncertainty through April, May and June which affected demand.

However, he felt that there was evidence of over-reaction, especially from mixed and arable farmers, and pointed out that it was expected that sales would begin to improve from August.

More smelters cut zinc price

BY JOHN EDWARDS, COMMODITIES EDITOR

ZINC values fell back on the London Metal Exchange yesterday as several more European smelters followed the move by Metallgesellschaft on Tuesday, cutting the zinc producer price by $50 to $990 a tonne. The cash price of zinc on the LME closed £13 lower at £636.5 a tonne.

The market is still waiting to see the reaction of producers in Canada and Australia to the move by Metallgesellschaft to cut the European producer price for the second time in less than two weeks.

However, a depressing influence was a statement by the managing director of Preussag, the West German smelters, that it was doubtful whether the currently lower zinc price can be held, given rising production and no further growth in demand. Preussag has cut its price to $990 a tonne too, but it was unclear whether the statement applied to the new or old price level.

According to figures issued by the International Lead-Zinc Study Group yesterday, production of refined zinc continued at a high level during the first five months of the year in spite of mine output being hit by strikes, mainly in Australia.

Production of refined zinc in the non-Communist world during January-May this year was 6.4 per cent higher at 2,038,000 tonnes.

Consumption during the same period increased by 7.4 per cent to 1,574,000 tonnes, but this included a big rise in the U.S. which may not be sustained.

Output of refined lead in January-May rose marginally 1.6 per cent to 1,671,000 tonnes, but mine production declined by 4.3 per cent to 988,000 tonnes as a result of strikes in Australia and the U.S.

Higher farm loan rates announced

Higher interest rates for farm loans were announced yesterday by the Agriculture Mortgage Corporation. The corporation said that in view of the rise in market rates generally, it was raising, with immediate effect, the cost of variable rate loans from 11 to 13.5 per cent and fixed rate loans from 13.5 to 14.5 per cent.

The interest rate on all existing variable loans will remain at 11 per cent until next review dates—September 1 for loans reviewed quarterly and December 1 for those reviewed half-yearly.

● THE EUROPEAN Commission has authorised export of 35,550 tonnes of white sugar at a maximum rebate of 42.375 Ecus per 100 kilos at yesterday's supplementary selling tender.

The Commission also authorised export of 10,000 tonnes of raw sugar at a maximum rebate of 38.789 Ecus.

● THE International Cocoa Organization statistics committee estimates world cocoa production in 1983/84 (October/September) will fall short of consumption by 162,000 tonnes.

This compares with its previous estimate in March of a 1983/84 deficit of 168,000 tonnes and an estimated deficit for 1982/83 of 116,000 tonnes.

● NEW ZEALAND'S wool board says the minimum greasy wool floor price for the 1984/85 season will be a target average of 275 NZc a kilo compared with 250 NZc last season.

The new sale season begins on August 9, with a sale at Christchurch.

● PAKISTAN'S cotton crop (season September/March) has been attacked by pests in leading producing areas in Punjab and Sind provinces, but the situation is under control official sources said.

Bumper world grain forecast

BY OUR COMMODITIES EDITOR

THE WORLD is well on the way to enjoying a bumper grain harvest this year, according to the latest estimates by the U.S. Department of Agriculture based on conditions as at July 1.

The department forecast world grain output (including rice) would total over 1,598m tonnes, 8 per cent above last year's depressed level of 1,483m tonnes.

The biggest recovery is in coarse grains, where output is expected to jump to 793.6m tonnes against 688.6m in 1983-84. Wheat production is put at 496.3m tonnes (489.5m tonnes) and rice at 452.9m tonnes (445.8m tonnes).

U.S. grain production is expected to recover sharply from last season's drought. Although the USDA reduced its estimate for total U.S. grain output by 1m to 311.7m tonnes, against its forecast a month ago, the lower total is still 50 per cent up on last year and restores the U.S. as the world's largest single grain producer—regaining the top position from China.

The department said acreage surveys and weather conditions led to forecasts for U.S. production of maize and rice to be reduced, but it lifted projected winter wheat output as a result of average yields reaching the second highest figure ever.

The forecast for Soviet Union grain production was maintained at 190m tonnes (against 195m tonnes last year). However, it raised the Soviet wheat crop estimate by 1m tonnes to 86m tonnes, and cut coarse grains from 94m to 92.5m tonnes; the balance is made up of rice, minor grains and pulses.

In the rest of the world grain output is forecast to rise in Western and Eastern Europe, including a rise in EEC production from 124m to 131m tonnes.

Bigger cops are also expected in Canada (up by 2.2m to 50.4m) and Brazil (31.7m). However, Australian output is predicted to decline from 32.3m to 23m tonnes.

Production is forecast to remain virtually unchanged in China (292m tonnes), India (133.4m) and Argentina 29.5m.

World production of oilseeds is expected to recover dramatically to a record 185.3m tonnes against 164.5m in 1983-84. Almost entirely responsible for the increase is a rise in projected U.S. output to 63.2m tonnes, compared with the low 1983-84 figure of 48.5m, following drought conditions in the U.S.

The soyabean crop is put at 55.11m tonnes against 42.64m in 1983-84 Brazilian soyabean output is expected to reach a record 16m tonnes compared with the previous peek of 15.20m in 1983-84.

● Grain futures prices on the Chicago oBard of Trade moved lower in early dealings reacting to the latest USDA estimates.

However, the price falls were far less than anticipated. Traders said that the "bearish" forecasts had already been discounted by the market earlier in the week and, therefore, had a limited impact.

Record cotton output expected

WORLD COTTON production is forecast to reach a record 73.9m bales (of 480 lbs each) in 1984-1985, sharply up on the 67.6m bales produced in 1983-84.

The U.S. Department of Agriculture said U.S. cotton output is projected to jump by 4m to 11.8m bales, recovering the losses suffered from last year's drought. Bigger crops are expected too in Pakistan and Brazil.

However, output in China, the world's biggest single producer, is expected to decline by 1.3m to 20m bales. The Soviet crop is put at 12.7m bales, only marginally higher than last year.

Meanwhile, the USDA cut its estimate of 1983-84 orange output in the U.S. to 169.48m boxes. This is 2m boxes down on last month's estimate and nearly 56m boxes down on last season's production. The decline follows the severe frost that hit the Florida orange growers in December.

Dock strike threat to feed supplies

THE dock strike could have a quick and serious effect on British farming, writes a correspondent.

Because of the dairy quotas and the 20 per cent reduction in compound feed sales to the dairy sector, feed merchants are working on very tight stocks.

They have, therefore, limited supplies of imported soya, maize, and fishmeal.

The suggestion is that, if the dock strike goes on for a full week, dairy, pig and poultry feeds which rely on the imports could be badly hit.

The merchants could ask for the dockers to make animal feed a special case

Wetlands protection call

AGRICULTURAL drainage is a big threat to wetlands, not only in the UK, but in all EEC countries, according to a book published today.

Wetland drainage in Europe is based on a study covering France, Ireland, the Netherlands and the UK, and concludes that drainage has become one of the most controversial features of modern agriculture.

It says wetlands are of particular environmental importance

"Yet they are now one of the most threatened types of wildlife habitat in Europe, and many of the remaining sites are vulnerable to interference or destruction. Agricultural drainage is one of the most severe threats," says Mr David Baldock, the book's author.

"Although the need for further food production is increasingly in doubt, drainage continues to be a large-scale, highly organised activity, generously subsidised from EEC funds," he writes.

"In each of the four countries there is some form of legislation for the protection of important habitats, but this is proving inadequate to protect wetlands at present.

"Urgent steps are needed at both national and EEC levels to protect wetlands."

Wetland Drainage in Europe, by David Baldock, from the Institute for European Environmental Policy and International Institute for Environment and Development, £5.

U.S. marks 30th anniversary of Food and Peace programme

Reagan launches 'major food aid initiative'

WASHINGTON — President Reagan has announced a new food aid plan, including the stockpiling of grain in Third World countries, to enable the U.S. to respond quickly to hunger and malnutrition in the world.

President Reagan said the five-point plan was "a major initiative to help the starving people of Africa and the world. It is a new programme to help us deliver food more quickly and smoothly to those who suffer most from the ravages of famine."

The plan will be part of the U.S. Food for Peace (Public law 480) programme, which has just had its 30th anniversary.

Under the PL-480 programme, the U.S. donates food for famine and disaster relief, and extends long term, low interest loans for poorer nations to buy U.S. farm products.

The new plan's provisions include:

● Positioning grain in Third World countries vulnerable to famine and acute food shortages, especially in Africa.

● A request to Congress for a special $50m (£38m) fund to meet emergency requests for food aid.

● Financing of transportation costs associated with U.S. food aid to help countries eligible for aid but unable to finance such costs.

● Creation of a government task force to improve the forecasting of food shortages and needs.

● The creation of an advisory group of business leaders to help the Government deal with Third World food problems.

The White House did not name the countries where food grain would be stockpiled, but said temporary sites in Africa were being studied.

Some U.S. food is given free on humanitarian grounds. Most is sold for local currency instead of dollars, easing foreign exchange problems for recipient countries.

Pending before Congress is a request by President Reagan for $25m in addition food aid to Central America.

Reuter

PRICE CHANGES

In tonnes unless stated otherwise	July 11 1984	+ or —	Month ago
Metals			
Aluminium	£1100	......	£1100
Free Mkt	$1190/1220	......	$1285/316
Copper			
Cash h Grade	£997.5	+3.5	£982.8
3 mths	£1010.75	+3.5	£1003.25
Cash Cathode	£1002	+3.25	£986.75
3 mths	£1020	+4	£1001.5
Gold troy oz.	$341.5	—3.5	$374.25
Lead Cash	£360.5	+1	£348.75
3 mths	£365.0	+1.25	£344.75
Nickel	£5202		£5097
Free Mkt	207/227c	—2	216/235c
Palladium oz.	$137.75	—1.75	$161.25
Platinum oz.	$345.50	—3.25	$381.25
Quicksilver†	$295/305	......	$295/305
Silver troy oz.	562.05p	—23.15	687.85p
3 mths	567.60p	—22.85	643.08p
Tin cash	£9435	—32.5	£9170
3 months	£9570	—21.5	£9086.5
Tungsten	$86.23	......	$84.14
Wolfram 22.04lb	$82/87	......	$85/89
Zinc	£636.5	—13	£655
3 mths	£641.5	—12	£636.5
Producers	$950/1040	......	$1050/1090

	July 11 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1290y	......	$1405
Groundnut	‡	......	‡
Linseed Crude	‡	......	‡
Palm Malayan	$656z	—20	$830
Seeds			
Copra Phil	$683y	—180	$830
Soyabean (U.S.)	$275w	—8	$310.66
Grains			
Barley Fut. Nov.	£109.42	—0.15	£106.30
Maize	£154.00	—0.5	£168.50
Wheat Fut. Nov.	£110.85	—0.25	£107.50
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1868	—19	£2073.5
Futures Sep	£1803	—19.5	£1943.5
Coffee Ft. Sep	£2216	—24	£2302.5
Cotton A index	80.45c	—0.55	84.40c
Gas Oil Aug	$236	—0.25	$240.75
Rubber (kilo)	65.5p	+1.5	65p
Sugar (raw)	£209y	+1.5	£104.5
Woolt'ps 64s	458p kilo	......	475p kilo

‡ Unquoted. s Sept. w Aug. d Aug-Sept. y July-Aug. † per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

The Gas Oil market opened a dollar higher in line with New York. Light trade selling pushed levels to unchanged, which moved a shade lower on a weaker than expected New York opening. Trade buying emerged in New York after the opening, which influenced higher prices in London, before values fell on book-squaring, reports Premier Man.

Turnover: 1,251 (1,931) lots of 100 tonnes.

PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	867-271	—
Gas Oil	228-233	—
Heavy fuel oil	176-170	—

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	27.70-27.80	—
Dubai Fateh	27.55-27.60	—
Arab Heavy	26.70-26.20	—
North Sea (Forties)	28.25-28.30	—0.03
North Sea (Brent)	28.45-28.90	+0.02
African (Bonny Li'ht)	28.40-28.70	—

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
July	251.00	—0.75	251.50-50.70
Aug	236.00	—0.25	236.25-34.56
Sept	259.72	—0.50	259.50-38.20
Oct	242.70	—	245.25-42.56
Nov	245.70	—0.50	246.75-46.25
Dec	246.25	—1.75	247.50-49.25
Jan	247.50	—0.50	—
Feb	243.00	—2.25	—
March	242.00	—0.75	—

GOLD MARKETS

Gold fell $3½ an ounce from Tuesday's close in the London bullion market yesterday to finish at $341-342. The metal opened at $338-339 and traded between a high of $342-343 and a low of $333½-334½. The weaker trend was due almost entirely to the dollar's firmer trend and fears of higher U.S. interest rates.

In Paris the 12½ kilo bar was fixed at FFr 95,200 per kilo ($339.06 per ounce) in the afternoon compared with FFr 95,000 ($338.54) in the morning and FFr 97,000 ($348.38) on Tuesday afternoon.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $335.50 from $344.75 previously.

In Frankfurt the 12½ kilo bar was fixed at DM 30,825 per kilo ($337.22 per ounce) against DM 31,585 ($347.60) on Tuesday and closed at $340¾-341½ from $344-344½.

In Zurich gold finished at $340½-341 from $345-345½.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
July	—	—	—
Aug	341.15-41.20	—5.50	344.00-38.20
Oct	347.70-48.50	—5.90	—
Dec	354.50-55.50	—	351.70
Feb	—	—	—
April	—	—	—

Turnover: 444 (333) lots of 100 troy ounces.

	July 11		July 10	
Gold Bullion (fine ounce)				
Close	$341 342	(£258½-259¼)	$344¼-345¼	(£263-263¾)
Opening	$338-339	(£256¼-200½)	$344¾-345¾	(£263¾-263½)
Morning fixing	$335.70	(£256.789)	$346	(£264.885)
Afternoon fixing	$339.20	(£258.470)	$344.25	(£263.088)
Gold and Platinum Coins July 11				
Krugrnd	$348¼-349	(£265½-266)	King Sov	$81½-83 (£61¾-62¾)
½ Krug.	$179½-180¼	(£136¾-137⅛)	Victoria Sov	$81½-83 (£61¾-62¾)
¼ Krug.	$91½-92¼	(£69¾-70¼)	French 20s	$64¼-66¼ (£49-50½)
1/10 Krug.	$37½-38¼	(£28½-29¼)	50 Pesos Mex	$420-422 (£320¼-321¾)
Mapleleaf	$348-348¾	(£265¼-266)	100 Cor Aust	$330-335 (£251½-254)
New Sov.	$78¼-80	(£60¼-61)	$20 Eagles	$590-606 (£453¾-461¼)
½ New Sov.	$48½-49¼	(£37-37½)	Noble (Plat.)	$355¼-359¼ (£270-273)

EUROPEAN MARKETS

ROTTERDAM, July 11.

Wheat—(U.S.$ per tonne): U.S. Two Soft Red Winter Aug 152, Sept 153, Oct 156. U.S. Two Northern Spring 14 per cent protein July 184.50, Aug 176, Sept 173.50, Oct 177, Nov 180. U.S. Northern Spring 15 per cent protein Aug 181.50, Sept 179.25, Oct 182.75, Nov 185. U.S. Three Hard Amber Durum July 182, Aug 182, Sept 178, Oct 182.50, Nov 185. Canadian One Western Amber Durum July 190, Aug 190, Sept 131.50, Oct/Nov 196, Nov/Dec 197.

Maize—(U.S.$ per tonne): U.S. Three Yellow July 160, Aug 157, Sept 149.75, Oct/Dec 138.75, Jan/March 144 sellers. Argentina Plate afloat 166, July 168, mid-July/mid-Aug 164 sellers.

Soyabeans—(U.S.$ per tonne): U.S. Two Yellow Gulfports Aug 269, Sept 269, Oct 255, Nov 255, Dec 258, Jan 262, Feb 266.50, March 270.50 sellers.

Soyameal—(U.S.$ per tonne): 44 per cent July 183, Aug 183, Sept 184, Oct 185, Nov/March 194 sellers. Pellets Brazil afloat 183, July 178, Aug 183, Sept 184, Oct 192, Oct/Dec 187.50 sellers. Pellets Argentine June 173, July 173, Aug 178, Sept 182, Oct 187, Oct/Dec 193 sellers.

PARIS, July 11

Sugar—(FFr per tonne): Aug 1280-1285, Oct 1315-1320, Dec 1390-1400, March 1500-1504, May 1545-1580, Aug 1600-1610.

Cocoa—(FFr per tonne): July 2100 ask, Sept 2070-2075, Dec 1961-1965, March 1985 ask, May 1975 ask, July 2000 ask, Sept 2005 ask.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. Copper initially eased to around £1,010 following the decline in gold but subsequently rallied to £1,018 before closing the late Kerb at £1,018 in the wake of rumoured Chinese buying interest. Aluminium recovered from £988 to end the day at £994.5 reflecting talk of imminent European production cutbacks. Zinc lost ground in early trading and fell to £635 owing to substantial Commission House selling but later rallied to close at £641.75. Currency fluctuations left Tin at £9,380.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	997.5-8	+8.5	997-8	+8.5
3 months	1017.5	+8.5	1016.5-7	+3.5
Settlem't	998	+8.5	—	......
Cathodes				
Cash	1002-3	+7	1001-3	+3.25
3 months	1020.5	+7.75	1010-21	+4
Settlem't	1003	+7	—	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £998.5, 98, three months £1,017, 16.5, 17, 17.5, 18, 17.6, 17. Cathodes: Cash £1,003, three months £1,020. Kerb: Higher Grade: Three months £1,015.5, 16, 15, 14. Afternoon: Higher Grade: Three months £1,015, 14.5, 15, 16.5, 16, 16.5, 17. Kerb: Higher Grade: Three months £1,016, 16.5, 17, 16.5, 16. Turnover: 52,550 tonnes. U.S. Producers: 62-67 cents a pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	9500-5	+19	9480-90	—25
3 months	9470-1	+26	9440-50	—20.5
Settlem't	9505	+19	—	......
Standard				
Cash	9408-5	+12	9430-40	—32.5
3 months	9401-2	+12.5	9370-80	—21.5
Settlem't	9465	+15	—	......
Straits E.	529.13	—	—	......

Tin—Morning: Standard: Cash £9,465, three months £9,400, 02. High Grade: Cash £9,500, three months £9,470. Kerb: Standard: Three months £9,400, 05, 01, 9,400. High Grade: Three months £9,470. Afternoon: Standard: Three months £9,400, 95, 90, 85, 80, 70. High Grade: Three months £9,460, 50, 45, 50. Kerb: Standard: Three months £9,390, 95. Turnover: 2,090 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	371.5	+2.75	369-70	+1
3 months	366.5-7	+0	366-6	+1.25
Settlem't	371.5	+2.5	—	......

Lead—Morning: Cash £371, 71.5, three months £366, 65.5, 66, 66.5. Kerb: Three months £366, 66.5, 64. Afternoon: Three months £362. Kerb: Three months £366, 66.5, 65. Turnover: 16,000 tonnes. U.S. Spot: 30-34 cents a pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	636-7	—8	636-7	—13
3 months	639-40	—8.75	641-8	—12
Settlem't	637	—8	—	......

Zinc—Morning: Three months £638, 38.5, 38, 39, 40, 39.5. Kerb: Three months £640. Afternoon: Three months £641, 40.5, 40, 40.5, 41, 42, 41. Kerb: Three months £642, 42.5, 42. Turnover: 7,300 tonnes. U.S. Prime Western: 50.50-50.75 cents a pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	802-3	—19.5	865-0	—3.5
3 months	887-7.5	—2	888.5-9	—2.75

Aluminium—Morning: Three months £888, 87.5, 87. Kerb: Three months £887, 87.5, 88, 87.5, 87, 86.5. Afternoon: Three months £887, 88.5, 86, 87, 89, 87.5, 88, 89.5. Kerb: Three months £889, 92, 92.5, 93, 93.5, 94, 95, 95.5, 95, 94, 94.5, 95. Turnover: 21,450 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3515-20	+15	3500-10	+12.5
3 months	3610-5	+20	3590-5	+10

Nickel—Morning: Cash £3,520, three months £3,605, 10. Kerb: Three months £3,615, 10. Afternoon: Three months £3,600, 3,595, 92, 90. Kerb: Three months £3,590, 85, 80. Turnover 788 tonnes.

SILVER

Silver was fixed 23.10p an oz lower for spot delivery in the London bullion market yesterday at 562.05p. U.S. cent equivalents of the fixing levels were: spot 719.9c, down 34.1c; three-month 740.6c, down 35.10c; six-month 765.1c, down 36.1c; and 12-month 813.1c, down 37.1c. The metal opened at 558-562p (726-731c) and closed at 554½-558½p (732-737c).

SILVER per troy oz	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	562.05p	—23.1	577.5p	—15.5
3 months	567.60p	—22.8	574p	—14.5
6 months	584.50p	—23.1	—	......
12 months	610.50p	—22.5	—	......

LME—Silver (52,000 oz contract): Cash 557.5p (573p); three months 574p (588.5p). Turnover: 2 (0).

Turnover: 132 (82) lots of 10,000 oz. Morning: Large 1st ring three months 569; 2nd ring three months 568.0; small 2nd ring three months 567.0. Kerb: untraded. Afternoon: large 1st ring three months 574; 2nd ring three months 574; small 2nd ring three months 575. Kerb: large three months 574, 72.

COCOA

Although initially steadier, futures failed to hold the gains and eased during the afternoon. Physicals were fairly inactive with both producers and consumers withdrawn and only light second-hand interest noted, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1820-25	—12.0	1854-22
Sept	1802-04	—19.5	1835-90
Dec	1720-22	—30.5	1750-11
March	1705-06	—27.0	1732-07
May	1713-15	—24.0	1740-13
July	1720-20	—25.0	1735-30
Sept	1730-40	—27.5	—

Sales: 4,652 (5,557) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound): Daily price for July 10: 101.53 (99.18); five-day average for July 11: 101.27 (101.32).

COFFEE

Another quiet session saw early commission house and dealer selling prompt a gradual retreat from the opening gains of £4-£8, reports Drexel Burnham Lambert. Losses were extended in the afternoon as a rally in sterling and lower New York values influenced a decline of £15-£20 from midday levels.

COFFEE	Yesterd'ys Close	+ or —	Business Done
July	2195-00	—16.5	2222-95
Sept	2214-16	—24.0	2244-15
Nov	2243-44	—21.0	2270-41
January	2191-94	—14.0	2210-81
March	2086-89	—14.0	2105-88
May	2040-50	—13.0	—
July	2000-30	—15.0	—

Sales: 2,763 (1,944) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for July 10: Comp. daily 1979 143.04 (same); 15-day average 143.59 (143.73).

GRAINS

The markets remained quietly defensive in the wake of the dock strike with nearbys coming under pressure on higher interest rates. Spread trading increased the volume with further shipper support at lower levels, reports Muirpace.

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterd'ys close	+ or —
Sept	107.75	—0.45	105.40	—0.15
Nov	110.85	—0.25	109.45	—0.15
Jan	114.05	—0.15	112.55	—0.25
Mar	116.00	—0.60	115.05	—0.15
May	119.65	—0.20	117.45	—0.55

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Aug 145.50, Sept 144.50, Oct 147 trans shipment East Coast. Maize: U.S. No 3 Yellow/French July 154 East Coast. Barley: English feed fob Aug 109.50 buyer East Coast Scotland. Sept 108.50 buyer East Coast. Rest unquoted.

Business done—Wheat: Sept 108.05-107.80, Nov 111.10, 110.80, Jan 114.00 only, March 115.75-113.55, May 119.65-119.45. Sales: 280 lots of 100 tonnes. Barley: Sept 105.45-105.30, Nov 109.45-109.35, Jan 112.55-112.50, March 115.00-114.95, May 117.50-117.40. Sales: 102 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 120.20,

The UK monetary coefficient for the week beginning Monday July 16 is to remain unchanged.

PIGMEAT

Fresh selling in the spot month saw recent support levels breached. The AAPP (down 1.22p at 106.04p a kg) seemed to have little effect on forward positions with values closing firm, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Aug	114.9	115.3	115.5-114.8
Oct	120.0	119.7	120.2-119.9
Nov	121.5	121.1	121.1
Feb	119.2	117.9	118.5-118.5
April	118.5	119.2	118.5
June	117.5	117.5	117.5

Sales: 30 (13) lots of 50 carcases 3,250 kilos.

POTATOES

An early denial by the East Anglian Water Board of an irrigation ban and a sharp drop in physical prices led to a rapid fall in values on all positions. April opened £8 down and fell a further £8 before short-covering steadied the market in the afternoon and brought about a £4-£5 recovery in prices, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Nov	94.70	101.00	99.00-91.50
Feb	105.00	110.80	105.0-103.0
April	125.50	135.00	128.5-121.0
May	132.30	148.10	136.0-132.0
Nov	76.00	76.00	—

Sales: 1,429 (1,976) lots of 40 tonnes.

RUBBER

PHYSICALS — The London market opened steadier, fluctuated throughout the day and closed quiet and slightly easier, reports Lewis and Peat. Closing prices (buyers), spot 65.50p (64.00p); Aug 75.50p (74.50p); Sept 76.50p (75.50p). The Kuala Lumpur August fob price for RSS No1 was 211.5 (209.51 cents a kg and for SMR 20 199.5 (198.5).

FUTURES — Close (buyer, seller, business). RSS No 1, £ per tonne. Aug 690, 698, nil; Sept 690, 700, nil; Oct 707, 715, nil; Nov 710, 722, 725-720; Dec 728, 730, nil; Jan 736, 782, nil; Feb 754, 756, 754; March 758, 768, nil; April 777, 782, nil; 1984 Oct/Dec 720, 722, 725-720; 1985 Jan/March 753, 756, 760-742; 1985 April/June 778, 785, nil. Sales: 34 (8) lots of 5 tonnes; 43 (19) lots of 15 tonnes.

SOYABEAN MEAL

The market opened £2 down in active trading conditions, reports T. G. Roddick. During the afternoon it eased further but steadied during a short-covering rally on the close.

	Yestday's close	+ or —	Business Done
	£ per tonne		
August	134.50-35.50	—0.70	135.00
October	139.20-35.60	—1.80	139.50-36.00
Dec	145.40-46.00	—1.60	146.00
Feb	152.80-53.00	+0.15	152.60-51.00
Apr	152.80-53.50	+0.05	151.00
June	152.50-54.50	+0.50	—
August	155.00-57.00	+1.00	—

Sales: 96 (35) lots of 100 tonnes, 125 (10) lots of 20 tonnes.

SUGAR

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug	154.60-55.00	154.60-54.80	155.80-54.60
Oct	141.60-42.00	141.60-41.80	145.20-36.80
Dec	158.20-50.50	149.40-49.60	151.80-49.40
Mar	165.60-65.80	164.80-64.60	168.80-64.80
May	172.20-72.40	171.60-71.80	175.60-71.40
Aug	180.80-88.80	179.40-80.00	180.00-79.80
Oct	188.80-89.00	188.00-88.40	189.20-88.05

LONDON DAILY PRICES—Raw sugar £99.00 ($130.00), up £1.50 (up $2.50), a tonne for July-August delivery. White sugar $163.50, down $1.00.

Prices came under pressure from the whites market and losses of $2 were recorded from overnight levels, reports C. Czarnikow.

Sales: No 6 3,824 (4,768) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £209.50 (£207.00) a tonne for export.

International Sugar Agreement — (U.S. cents per pound fob and stowed Caribbean ports). Prices to July 10: Daily price 4.92 (4.89); 15-day average 5.06 (5.11).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 586.5, 589.5, untraded; Oct 569.5, 572.0, untraded; Dec 575.5, 576.0, 575.5-575.0; March 585.5, 586.0, 585.0; May 593.0, 594.0, untraded; July 602.0, 608.0, untraded; Oct 586.0, 596.0, untraded; Dec 592.0, 600.0, untraded. Sales: 10.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug 454, 457, 457-453; Oct 464, 468, 472-462; Dec 470, 472, 476-469; Jan 472, 474, 480-472; March 482, 485, 490-483; May 492, 495, 500-492; Aug 505, 508, 515-504; Oct 506, 508, 515-504; Dec 507, 509, 515-505; Jan 509, 511, 516-505. Sales: 283.

COTTON

LIVERPOOL — Spot and shipment sales amounted to 287 tonnes. Improved trading developed with sterling rates under consideration. *Moderate interest centred on Central* and South American styles.

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 93.20p per kg lw (—4.14). GB—Sheep 152.36p per kg est dcw (—30.60). GB—Pigs 79.60p per kg lw (1.85). GB—AAPP 106.04p per kg dw (—1.28).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 78.0 to 82.0. Veal: Dutch hinds and ends 120.0 to 124.5. Lamb: English small 80.0 to 96.0, medium 79.0 to 84.0, heavy 79.0 to 82.0. Imported: New Zealand PL 66.5 to 67.0, PX 60.0 to 60.5. Pork: English *under 100 lb* 50.0 to 58.0, 100-120 lb 50.5 to 55.5, 120-160 lb 45.0 to 53.0.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package unless otherwise stated. English produce: Apples—Per pound Bramley 0.16-0.26. Gooseberries — Per pound 0.15-0.18. Cherries—Per pound 0.28-0.30. Strawberries — ¼ lb 0.14-0.18, ½ lb 0.12-0.25. Raspberries — ¼ lb 0.25-0.30. Potatoes—Per bag 56 lb new 4.50-5.00. Mushrooms—Per pound open 0.60-0.75, closed 0.80-0.60. Lettuce—Per tray round 0.80-1.00, Cos dozen 1.60-1.60, Webb's 0.90-1.00, Iceberg 12's 4.00, 15's 3.00. Carrots—28 lb new crop 3.00-3.50. Greens—Kent 30 lb 1.20-1.40, Primo 1.60-1.80. Tomatoes—Tray 12 lb 4.70-5.00. Sugar Peas—0.50-1.00. Cucumbers—Tray 2.00-2.80. Cauliflowers—Dozen Lincs 2.20-2.60. Spring onions — Bunch 0.10-0.12. Radishes — Bunched 0.14-0.15. Asparagus—Per pound 1.40-2.40. Celery—6.00-6.50. Watercress—Ice pack 20's 3.40-3.50. Salad—Crisps 12's 1.00-1.10. Courgettes — Per pound 0.20-0.30. Broad beans—Per pound 0.06-0.09. Peas—Per pound 0.09-0.11. Beetroot—Per bunch 0.20, bags 28 lb 3.50-4.00. Onions—55 lb bag 5.00-5.50. Cressbrase—Per pound 0.40-0.50. Capsicums—Per pound 0.35-0.40.

INDICES

FINANCIAL TIMES

July 10	July 9	M'th ago	Year ago
298.79	298.46	300.46	278.70

(Base: July 1 1952=100)

REUTERS

July 11	July 10	M'th ago	Year ago
1917.4	1904.3	1941.7	1947.0

(Base: September 18 1931=100)

MOODY'S

July 10	July 9	M'th ago	Year ago
1037.6	1037.1	1071.0	1056.2

(Base: December 31 1974 = 100)

DOW JONES

Dow Jones	July 10	July 9	Month ago	Year ago
Spot	138.96	138.64	138.40	148.09
Fut	130.1	130.7	108.96	146.17

(Base: December 31 1974 = 100)

● STUBBLE Digester Extra is a product to be launched to UK farmers this year as an alternative to burning straw and stubble.

The treatment is sprayed on to straw and stubble before ploughing in and speeds up its natural breakdown. It was developed by bio-chemists of the Cytozyme Company in the U.S., and has been approved by the U.S. Environmental Protection Agency.

AMERICAN MARKETS

NEW YORK, July 11

Precious metals sold off with currencies and found only limited local support on sharp setbacks, reports Heinold Commodities. Both gold and silver continued their downward trend which accelerated late last week. Copper prices were slightly higher on the strength of active arbitrage. Aluminium prices were moderately lower, mostly on the absence of any buying interest in very light trading. Sugar prices dropped sharply, largely on the impact of outside markets such as currencies and gold, return of warmer temperatures in Europe attracted active trade selling with nearby months close to contract lows. Coffee prices were sharply lower as the markets continued to discount the incidence of cold weather, and dealers began to press the market. Cocoa prices were under considerable pressure from extended origin selling and lack of any major buying interest. Cotton prices were moderately lower as eroding demand for finished product continued to weigh on the market. Local and professional selling pushed soyabeans to new lows on the current move. Improved moisture with seasonal temperatures had a bearish impact on new crop months in the soya complex as well as in the grains. Old crop maize maintained a strong tone as mash basis turned very firm.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
July	52.25	—	—	52.10
August	52.65	—	—	52.50
Sept	53.25	53.35	52.65	53.10
Dec	54.85	54.85	54.00	54.75
Jan	55.45	—	—	55.35
March	56.50	—	—	56.50
May	57.75	—	—	57.65
July	58.90	58.00	58.00	58.60
Sept	60.05	—	—	59.95
Dec	61.65	—	—	51.55

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
July	2140	2170	2144	2165
Sept	2187	2249	2165	2228
Dec	2135	2179	2115	2162
March	2125	2159	2110	2157
May	2155	2156	2155	2165
July	2160	—	—	2175
Sept	2195	—	—	2185

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
July	57.85	58.90	57.80	57.65
Aug	58.06	—	—	57.86
Sept	58.70	59.40	58.50	58.60
Dec	60.60	61.30	60.40	60.60
Jan	61.25	—	—	61.16
March	62.50	62.90	62.45	62.40
May	63.85	64.50	63.70	63.75
July	65.16	65.60	65.30	65.05
Sept	66.45	66.55	66.55	66.35
Dec	68.48	68.70	68.70	68.35

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	72.20	73.05	72.00	72.51
Dec	71.37	72.07	71.35	71.77
March	73.03	73.60	73.01	73.50
May	73.90	74.50	74.50	74.30
Oct	73.40	—	—	73.50

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
August	29.34	29.46	29.33	29.40
Sept	29.59	29.66	29.58	29.62
Oct	29.78	29.67	29.75	29.30
Nov	29.90	29.96	29.90	29.92
Dec	30.06	30.10	30.01	30.09
Jan	30.12	30.17	30.10	30.15
Feb	29.99	—	—	29.98
March	29.98	—	—	29.98
April	29.99	—	—	29.92
May	29.99	—	—	29.98

GOLD 100 troy oz. $/troy oz

	Close	High	Low	Prev
July	341.6	—	—	343.5
August	343.3	346.5	338.2	345.8
Sept	346.7	346.5	346.5	348.7
Oct	350.1	353.8	345.0	352.2
Dec	357.2	360.5	352.6	359.4
Feb	364.6	366.0	360.0	366.8
April	372.1	372.0	367.5	374.3
June	380.1	382.0	375.0	382.3
August	388.4	387.0	383.0	390.8
Oct	397.0	394.5	390.0	399.4
Dec	405.7	403.0	400.0	408.1
Feb	414.3	413.0	410.0	417.0
April	423.6	422.0	421.0	426.0

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Aug	77.05	77.60	76.40	70.98
Sept	77.95	78.90	77.50	77.98
Oct	79.20	79.55	78.60	79.14
Nov	80.35	80.65	80.05	80.35
Dec	81.80	82.10	81.30	81.60
Jan	82.00	82.00	82.00	82.25
Feb	82.50	—	—	81.80
March	80.00	—	—	79.30

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
July	172.40	75.35	72.50	75.35
Sept	166.25	68.90	66.10	68.25
Nov	164.55	65.90	64.55	65.75
Jan	164.60	65.80	64.05	65.50
March	165.00	66.00	65.95	66.00
Sept	165.00	66.00	66.00	66.00
Nov	165.00	65.25	65.25	65.75

PLATINUM 50 troy oz. $/troy oz

	Close	High	Low	Prev
July	343.8	—	—	350.5
Oct	353.0	357.0	350.7	360.0
Jan	362.2	365.5	360.0	369.2
April	371.6	375.5	370.5	378.5
July	381.0	385.0	380.0	388.1
Oct	395.0	—	—	—

SILVER 5,000 troy oz. cents/troy oz

	Close	High	Low	Prev
July	734.2	735.0	723.0	745.3
August	738.5	735.0	732.0	750.0
Sept	746.0	749.0	729.0	758.0
Dec	768.6	774.8	752.0	781.0
Jan	778.3	773.0	762.0	789.9
March	792.0	798.0	775.0	805.2
May	809.8	813.0	800.0	823.3
July	827.8	831.0	812.0	841.3
Sept	846.9	—	—	860.8
Dec	878.3	880.0	868.5	892.3

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
Sept	4.78	5.05	4.75	5.10
Oct	4.97	5.28	4.96	5.28
Jan	5.45	5.75	5.45	5.79
March	6.06	6.32	6.05	6.32
May	6.36	6.62	6.36	6.64
July	6.67	6.91	6.67	6.93
Sept	6.91	7.14	6.91	7.13
Oct	7.14	7.35	7.16	7.40

CHICAGO

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
July	53.75	54.80	53.70	54.85
August	53.45	54.50	53.40	54.40
Oct	50.70	51.60	50.55	51.52
Dec	51.82	52.75	51.75	52.77
Feb	53.15	53.70	52.85	53.95
April	49.52	50.15	49.56	50.10
June	52.80	53.25	52.70	53.40
July	53.85	54.40	53.70	54.70
August	52.50	52.75	52.50	53.75

COFFEE "C" 37,000 lbs, cents/lb

	Close	High	Low	Prev
July	147.49	49.25	47.16	49.13
Sept	139.53	42.20	38.50	42.32
Dec	137.06	39.70	37.00	39.83
March	136.05	37.90	35.58	38.25
May	134.26	36.50	34.75	36.63
July	134.25	35.00	34.00	36.00
Sept	133.00	34.00	33.75	34.75
Dec	131.50	—	—	—

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
July	349.6	351.0	347.2	349.4
Sept	312.0	314.2	311.4	314.6
Dec	288.4	292.0	288.0	294.2
March	300.0	301.6	297.6	304.0
May	307.2	308.0	305.0	310.4
July	309.0	310.8	306.0	313.0

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
July	653.4	675.6	649.0	673.2
Aug	656.0	674.0	645.0	667.4
Sept	646.0	659.0	636.0	656.2
Nov	634.0	647.0	623.0	649.0
Jan	647.2	660.0	637.0	662.4
March	660.4	674.0	654.0	676.2
May	669.4	685.0	665.0	686.4
July	677.0	692.0	675.0	695.0
Aug	675.0	688.0	673.0	693.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	163.5	165.0	162.5	163.5
August	165.8	167.4	164.5	168.2
Sept	166.6	170.4	167.5	169.1
Oct	169.0	171.0	167.6	170.1
Dec	173.2	175.5	171.8	174.2
Jan	175.3	177.5	175.5	176.8
March	178.0	181.0	178.0	180.0
May	180.0	182.6	180.5	182.5
July	181.2	—	—	182.3

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
July	28.48	29.80	28.45	29.57
August	26.93	28.12	26.92	27.92
Sept	25.30	26.80	25.90	26.60
Oct	24.86	25.00	24.86	25.86
Dec	23.90	24.40	23.90	24.90
Jan	23.93	24.40	23.93	24.93
March	23.98	24.70	23.98	24.98
May	24.20	24.50	24.20	25.20
July	24.26	24.70	24.25	25.25
August	24.30	24.85	24.30	25.20

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
July	344.2	348.0	343.6	346.4
Sept	348.4	350.4	348.2	351.4
Dec	362.4	364.0	361.4	365.0
March	371.4	373.2	369.0	373.4
May	374.4	376.0	373.0	376.2
July	358.4	359.0	358.4	361.0

SPOT PRICES—Chicago loose lard 27.00 (same) cents per pound. New York tin 570.0-79.0 (570.0-75.0) cents per pound. Handy and Harman silver bullion 730.0 (750.0) cents per troy ounce.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Pound recovers from record low

Sterling fell to a record trading low of $1.2975 in early London foreign exchange trading yesterday but recovered to finish firmer on the day after the Bank of England probably lent a supporting hand and clearing banks raised their base lending rates to 12 per cent from 10 per cent.

The market remained nervous about the implications of a national dock strike in sympathy with the miners in their long-running dispute with the National Coal Board but the latest rise in base rates seemed enough to put a firmer base under the pound. Sterling touched a peak of $1.3185 and closed at $1.3135-1.3145, a rise of 45 points on the day. It also improved to DM 3.74 from DM 3.6935, FFr 11.4650 from FFr 11.3525, SwFr 3.16 from SwFr 3.1240, and Y318.75 from Y316.30.

The pound's trade-weighted index rose 0.4 to 77.6, after opening lower at 77.1 and rising to 77.4 at noon.

The dollar finished at a record level of L1744 against the lira, compared with L1733.50, and at a seven-year peak of SwFr 2.4005, against SwFr 2.3855 in terms of the Swiss franc. The threat of concerted central bank intervention pulled the dollar back from its peaks against several other currencies, however, including the D-mark. After touching a 10-year high of DM 2.8490 it closed at DM 2.8405, compared with DM 2.8235, and after a record FFr 8.7390 it finished at FFr 8.71, against FFr 8.67. The dollar also rose to Y242.10 from Y241.55.

On Bank of England figures the dollar's trade-weighted index improved to a record 136.5 from 136.1.

Dealers suggested there was now less conviction about a tightening of U.S. monetary policy at next week's Federal *Open Market Committee* meeting, but with interest rates already at very high levels and expectations that figures released later this week would show further strong growth in the economy, sentiment surrounding the dollar remained very strong.

D-MARK — Trading range against the dollar in 1984 is 2.8425 to 2.5535. June average 2.7393. Trade weighted index 124.5 against 122.8 six months ago.

The dollar improved to a new 10½ year high against the D-mark at yesterday's fixing in Frankfurt to be fixed at DM 2.8447 up from DM 2.8251 on Tuesday. The Bundesbank sold $39.45m at the fixing although there appeared to be little obvious indication of any official intervention in the open market.

The high rate of U.S. interest rates continues to underpin the U.S. unit although it finished a little below the day's best level at DM 2.8420. The ability of the dollar to move much firmer appeared to be inhibited by chart considerations. Elsewhere, however, the pound rose to DM 3.7160 at the fixing from DM 3.6970 *while the Swiss franc eased to* DM 1.1852 from DM 1.1863. Within the EMS the Belgian franc was higher at DM 4.9270 per BFr 100 from DM 4.9200 while the French franc was *unchanged* at DM 32.59 per FFr 100.

BELGIAN FRANC — Trading range against the dollar in 1984 is 57.92 to 52.24. June average 55.80. Trade weighted index 89.9 against 88.6 six months ago.

The Belgian franc's stability *within the EMS was underlined* by the release of figures yesterday which showed that the Belgian central bank had once again refrained from intervention in the foreign exchange market. There was a small decline in Belgium's official reserves although this reflected repayment of BFr 6bn of short term debt to the European Monetary Co-operation Fund. The amount outstanding through this facility fell to BFr 5.9bn.

At yesterday's fixing the dollar rose to BFr 57.7625 from BFr 57.36 and sterling was higher at BFr 75.3050 compared with BFr 75.13. Within the EMS the D-mark was easier at BFr 20.3025 from BFr 20.3175 and the French franc slipped to BFr 6.6162½ from FFr 6.6205. The Dutch guilder was also weaker at BFr 17.99 from BFr 18.00.

£ in New York (latest)

	July 11	Prev. close
Spot	1.5060-3.090	01.5025-3060
1 month	Par-0.04 dis	0.10-0.12 dis
3 months	0.10-0.15 dis	0.24-0.27 dis
12 months	1.85-2.00 dis	2.20-2.50 dis

£ forward rates are quoted in U.S. cents discount.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.3225	+0.94	+0.92	±1.5447
Danish Krone ...	8.14104	8.16492	+0.29	+0.27	±1.6425
German D-Mark	2.24184	2.23229	−0.43	−0.45	±1.0542
French Franc ...	6.87456	6.85065	−0.35	−0.37	±1.4052
Dutch Guilder ...	2.52595	2.51947	−0.26	−0.28	±1.4964
Irish Punt	0.72569	0.728538	+0.39	+0.37	±1.6699
Italian Lira	1403.49	1369.19	−2.44	−2.44	±4.1505

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

July 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2975-1.3185	1.3135-1.3145	0.02c pm-0.03 dis	−0.04	0.09-0.14dis	−0.35
Canada	1.7335-1.7560	1.7530-1.7540	0.07-0.18c dis	−0.86	0.33-0.46dis	−0.90
Nethlnd.	4.16¾-4.22½	4.21½-4.22½	2-1½c pm	6.15	5¾-5½ pm	6.27
Belgium	74.90-75.95	75.85-75.95	3c pm-3 dis	—	2 pm-1 dis	0.21
Denmark	13.61½-13.66	13.65-13.66	1.05ore pm-.13dis	0.41	4.00-2.80 pm	1.00
Ireland	1.2075-1.2210	1.2190-1.2205	0.01-0.11p dis	−0.59	0.18-0.35dis	−0.87
W. Ger.	3.69¼-3.74½	3.73½-3.74½	1⅞-1¾pf pm	5.61	5⅜-5¼ pm	0.81
Portugal	193.40-203.00	196.00-202.80	5-145c dis	−4.51	25-425 dis	−4.51
Spain	210.00-212.15	211.90-212.10	40-65c dis	−2.97	125-170 dis	−2.78
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible]. 12-month [illegible].

THE DOLLAR SPOT AND FORWARD

July 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2975-1.3185	1.3135-1.3145	0.02c om-0.03dis	−0.04	0.09-0.14dis	−0.35
Ireland†	1.0740-1.0805	1.0765-1.0775	0.07-0.02c pm	0.50	0.24-0.14 pm	0.70
Canada	1.3310-1.3335	1.3330-1.3335	0.04-0.07c dis	−0.49	0.13-0.18dis	−0.43
Nethlnd.	3.2000-3.2130	3.2050-3.2070	1.51-1.48c pm	5.60	4.64-4.60 pm	5.77
Belgium	57.56-57.76	57.66-57.70	2½-1½c [illegible]	[illegible]	[illegible]	[illegible]
Denmark	10.37-10.41	10.37-10.37½	0.80-0.30[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	2.8315-2.8490	2.8400-2.8410	1.51-1.46[illegible]	[illegible]	[illegible]	[illegible]
Portugal	148.00-154.00	148.00-153.00	par-100c [illegible]	[illegible]	[illegible]	[illegible]
Spain	161.00-161.55	161.05-161.15	20-35c dis	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible].

OTHER CURRENCIES

July 11	£	$		£ Note Rates
Argentina Peso	70.60-70.74	53.90-54.05	Austria	26.20-26.50
Australia Dollar	[illegible]	[illegible]	Belgium	75.75-76.55
Brazil Cruzeiro	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka	[illegible]	[illegible]	France	[illegible]
Greek Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Fr.	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dlr.	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	[illegible]
Singapore Dollar	[illegible]	[illegible]	Switzerland	[illegible]
Sth African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	[illegible]

* Selling rates.

CURRENCY MOVEMENTS

July 11	Bank of England Index	Morgan Guaranty Changes %
Sterling	77.6	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish Kroner	[illegible]	[illegible]
Deutsche mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	[illegible]	[illegible]
U.S. $	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]	[illegible]
Belgian Fr	[illegible]	[illegible]	[illegible]
Danish Kr	[illegible]	[illegible]	[illegible]
D'mark	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
French Fr	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Norwgn Kr	[illegible]	[illegible]	[illegible]
Spanish Pta	[illegible]	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]	[illegible]
Greek Dr'ch	[illegible]	[illegible]	[illegible]
Irish Punt	[illegible]	[illegible]	[illegible]

* CS/SDR rate for July 10: [illegible]

EXCHANGE CROSS RATES

July 11	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.314	3.740	318.5	11.465	3.160	4.220	2296.	1.754	75.90
U.S. Dollar	0.761	1.	2.841	242.1	8.710	2.401	3.206	1744.	1.334	57.68
Deutschemark	0.267	0.351	1.	85.25	3.066	0.845	1.128	613.8	0.469	20.29
Japanese Yen 1,000	3.137	4.122	11.75	1000.	36.97	9.914	13.24	7202.	5.501	238.1
French Franc 10	0.872	1.146	3.262	278.0	10.	2.756	3.681	2003	1.532	66.20
Swiss Franc	0.316	0.416	1.184	100.8	3.628	1.	1.335	726.4	0.555	24.02
Dutch Guilder	0.237	0.311	0.886	75.53	2.717	0.748	1.	544.0	0.416	17.99
Italian Lira 1,000	0.436	0.573	1.629	138.7	4.995	1.377	1.838	1000.	0.764	33.06
Canadian Dollar	0.570	0.749	2.133	181.6	6.536	1.802	2.407	1309.	1.	43.28
Belgian Franc 100	1.318	1.731	4.936	420.0	10.11	4.165	0.000	3024.	2.310	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

July 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.		Danish Kroner
Short term	11⅝-11¾	11-11⅛	11⅝-11⅞	6⅛-0⅛	0¼-5½	0¼-5⅝	11-11¼	15-10	11-11½	11⅛-11⅝	6-0⅛	11½-12¼
7 days' notice	11⅝-12	11⅛-11¼	11⅝-11⅝	6⅛-8⅛	3¾-4	5⅛-5⅛	11⅛-11⅝	10½-10⅛	11¼-11¾	11⅝-11⅝	6-0⅛	11⅝-13
Month	11⅞-12	11⅝-11¾	12-12⅛	0⅛-6⅛	4⅝-4¾	0½-0⅝	11¼-11⅛	10⅝-10⅛	11-11⅛	11½-11¾	5⅛-6⅛	11⅞-11⅞
Three months	11⅞-12	12⅛-12⅛	12⅛-12⅝	0¾-0⅝	4⅛-4⅛	5⅛-5⅛	11⅛-11⅛	15⅛-10⅝	11¼-11¾	11⅝-11⅞	0¼-0⅝	11½-11⅛
Six months	11⅞-18	12⅛-12⅛	1e⅛-1e⅝	6⅛-6⅛	4⅛-0	6⅛-0⅛	12⅛-12¾	10½-10⅛	11½-12	11½-12	6⅝-6½	11⅞-1e⅞
One year	11⅞-12	15⅛-15⅛	13⅛-15⅞	7⅛-7¼	0-0⅛	6⅛-5⅛	1e⅛-13¾	17¼-17¾	12¼-12¾	12-12¼	0½-0⅝	11⅛-12½

Asian $ (closing rates in Singapore): Short-term 11⅝-11⅞ per cent; seven days' 11½-11⅝ per cent; one month 11⅞-11⅞ per cent; three months 12¼-12⅜ per cent; six months 12¾-12⅞ per cent; one year 13⅞-13⅞ per cent. Long-term Eurodollars: two years 13⅞-14⅛ per cent; three years 14-14¼ per cent; four years 14⅜-14⅝ per cent; five years 14¼-14½ per cent nominal closing rate. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Bank base rates 12%

BANK BASE RATES 12 PC — Clearing banks announced an increase of 2 per cent to 12 per cent in their base lending rates yesterday.

Interest rates on the London money market indicated a sharp rise in base rates from early trading, and in the afternoon the rate structure in the interbank market showed a slight upward slant from 12 per cent for one-month money to 12¼ per cent for one-year. Three-month funds finished at around 12 per cent.

On the other hand the yield curve in the bill market pointed towards the possibility of lower interest rates within the fairly near future, with discount houses buying rates for *one-month* eligible bills at 12 per cent, declining to 11¾ per cent for three-month bills, and to 11⅝-11¾ per cent for six-month paper.

The Bank of England forecast a money market shortage of £150m, and provided total help of £142m.

Bills maturing in official bands, repayment of late assistance, and a take-up of *Treasury bills* drained £261m, while a rise in the note circulation absorbed another £90m. These were partly offset by Exchequer transactions adding £200m to liquidity, and bank balances above target of £40m.

Before lunch the authorities bought £116m bills, by way of £69m bank bills in band 2 (15-33 days) at 10⅞ per cent; £7m bank bills in band 3 (34-63 days) at 10⅞ per cent; £30m local authority bills in band 4 (64-91 days) at 10⅞ per cent; and £10m bank bills in band 4 at 11¼-11⅜ per cent.

In the afternoon, and after the rise in bank base rates, the Bank of England purchased another £26m bills through £5m bank bills in band 1 (up to 14 days) at 12 per cent; £10m bank bills in band 2 at 12 per cent; and £11m bank bills in band 4 at 11¾-11⅞ per cent.

In Frankfurt money market conditions remained tight despite the recent injection of liquidity by the Bundesbank through higher rediscount quotas.

UK clearing banks' base lending rate 12 per cent (since July 12-13)

MONEY RATES

July 11	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	0.50-5.60	11	6½-4⅛	0⅛-5⅜	0.03125	10¼-10⅝	13.10	10-10½
One month	5.75-0.90	11⅛-11⅜	4⅝-4⅞	6⅛-6½	0.02575	10¼-10⅝	11½-11¾	12¼-12½
Two months	0.90-6.05	11⅝-11¾	—	—	—	—	—	12½-12¾
Three months	0.00-6.15	11⅝-11¾	4⅝-4⅞	0½-5⅝	0.21875	10⅝-17	11⅝-11⅞	12¾-1e
Six months	6.50-0.45	11⅞-12	—	0⅛-5⅝	—	—	11¾-12	13¼-15½
Lombard	0.5	—	—	—	—	—	—	—
Intervention	—	11¼	—	5¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

July 11 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	4-10¾	9¾-10	[illegible]	[illegible]	—	—	—	—	—
2 days notice	—	—	10¼-10⅜	[illegible]	[illegible]	—	—	—	—	—
7 days or	—	—	—	[illegible]	[illegible]	—	—	—	—	—
7 days notice	—	0⅞ 11½	10¾	[illegible]	[illegible]	—	—	—	—	—
One month	11⅞-11¾	11-12	11⅞	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12⅝
Two months	11⅞-11⅞	11¼-12	11⅞	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12⅝
Three months	11⅞-11⅝	11⅜ 12⅛	11⅞	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12⅛
Six months	11⅞-11⅞	11¾-12¼	11⅞	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11⅞
Nine months	11⅞ 11½	11¾-12¼	—	[illegible]	[illegible]	—	—	—	—	—
One year	11⅞-11⅞	11¾-12¼	11¾	[illegible]	[illegible]	—	—	—	—	—

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING 11.00 a.m. July 11

Three months U.S. dollars

bid 12 1/8	offer 12 1/4

Six months U.S. dollars

bid 12 3/4	offer 12 7/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Two years	—	[illegible]	—	—	—	—
Three years	—	[illegible]	—	—	—	—
Four years	—	[illegible]	—	—	—	—
Five years	—	[illegible]	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of Interest period June 6 to July 3 1984 (inclusive): [illegible] per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): [illegible] per cent from July 1 1984. London and Scottish Clearing Bank Rates for lending 12 per cent. London Deposit Rate for sums at seven days' notice [illegible] per cent. Treasury Bills: Average tender rate of discount [illegible] per cent. Certificates of Tax Deposit (Series 6): Deposit of £100,000 and over held under one month [illegible] per cent; one-three months [illegible] per cent; three-six months [illegible] per cent; six-nine months [illegible] per cent; nine-12 months [illegible] per cent. Under £100,000 [illegible] per cent from July 10. Deposits held under Series 4-5 [illegible] per cent. The rate for all deposits withdrawn for cash 7 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	13
Broker loan rate	[illegible]
Fed funds	[illegible]
Fed funds at intervention	—

Treasury Bills

One month	9.60
Two month	9.70
Three month	10.02
Six month	10.56
One year	11.02

Treasury Bonds

Two year	100
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	98
30 year	[illegible]

FINANCIAL FUTURES

Short £ steady

Three-month sterling deposit futures showed little overall change in the London International Financial Futures Exchange yesterday, having recovered from a sharp fall in early trading to register a record trading volume. Initial quotations were marked down in line with a very firm cash market as fears increased on the possibility of a rise in UK clearing bank base rates. These fears were later realised as base rates rose two points to 12 per cent. The Bank of England also increased its money market dealing rates.

Although not entirely rosy, the position was at least clear and a slight softening in cash rates and sterling's recovery later in the day helped values to recover somewhat. The September price opened at 88.69 down from 88.86 on Tuesday and touched a low of 88.30 before recovering to finish at 88.70.

Gilt prices were marked up as contracts attracted bids towards the close of business. A recovery in the cash market based on sterling's recovery and a firmer touch to the U.S. bond market all contributed to the firmer tone and the September gilt rose to a high of 99-10 from an opening level of 97-30 before closing at 99-08 compared with 98-14 on Tuesday.

Euro-dollar prices showed little overall change from Tuesday. The market was a little hesitant ahead of tomorrow's economic statistics which include the release of U.S. retail sales, producer prices and industrial production. While the sentiment behind a rise in U.S. interest rates remained the same, there were signs that the extent of any Federal tightening may have been over played. The September contract opened at 87.36 down from 87.46 but recovered to finish at 87.44.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	87.44	97.47	87.35	87.46
Dec	86.75	86.81	86.70	86.81
March	86.36	86.40	86.32	86.43
June	86.07	86.07	86.03	86.13
Sept	85.87	—	—	85.93

Est volume 3,388 (5,577)
Previous day's open int 13,057 (13,493)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Sept	88.70	88.72	88.30	88.86
Dec	88.52	88.52	88.10	88.56
March*	88.62	—	—	88.56
June*	88.62	—	—	88.66
Sept*	88.00	—	—	—

Est volume 5,602 (3,971)
Previous day's open int 9,888 (9,403)
*£500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	99-08	99-10	97-25	98-14
Dec	98-13	98-13	97-08	97-24
March	97-25	97-25	97-10	97-08
June	97-09	—	—	96-23
Sept	96-27	—	—	96-09

Est volume 5,326 (4,601)
Previous day's open int 5,747 (5,357)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 24 to 40 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.3160	1.3190	1.3010	1.3065
Dec	1.3225	1.3225	1.3063	1.3123
March	1.3280	—	—	1.3190

Est volume 262 (5,142)
Previous day's open int 3,081 (2,162)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3562	0.3565	0.3548	0.3567
Dec	0.3618	0.3618	0.3617	0.3623

Est volume 62 (40)
Previous day's open int 334 (340)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4227	0.4227	0.4220	0.4236
Dec	0.4314	—	—	0.4325

Est volume 2 (16)
Previous day's open int 2,295 (2,289)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Sept	99.85	100.10	99.10	100.90
Dec	89.90	100.00	99.90	100.85
March	100.00	—	—	101.00

Est volume 487 (723)
Previous day's open int 974 (1,046)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4173	0.4173	0.4167	0.4177
Dec	0.4239	0.4242	0.4239	0.4243

Est volume 8 (2)
Previous day's open int 222 (222)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	61-29	62-00	61-15	62-07
Dec	61-09	61-09	61-02	61-21
March	60-25	—	—	61-07

Est volume 623 (889)
Previous day's open int 1,280 (1,236)

CHICAGO

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	87.13	87.16	87.04	87.13
Dec	86.43	86.47	86.37	86.45
March	86.05	86.07	85.99	86.06
June	85.76	85.77	85.70	85.76
Dec	85.35	85.35	85.32	85.39

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	62-03	62-13	61-21	61-31
Dec	61-16	61-26	61-01	61-11
March	61-02	61-10	60-18	60-28
June	60-21	60-30	60-06	60-15
Sept	60-13	60-20	59-30	60-05
Dec	60-04	60-11	59-24	59-28
March	59-28	60-04	59-16	59-21
June	59-23	59-26	59-07	59-14

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	89.19	89.23	89.15	89.22
Dec	88.47	88.52	88.42	88.51
March	88.05	88.04	87.96	88.64
June	87.70	87.70	87.40	87.71
Sept	87.46	87.45	87.40	87.45
Dec	87.25	87.25	87.21	87.34
March	87.11	87.11	87.08	87.18
June	86.91	86.89	86.86	87.04

STERLING (IMM) Se per £

	Latest	High	Low	Prev
Sept	1.3200	1.3200	1.3070	1.3050
Dec	1.3235	1.3235	1.3105	1.3080
March	1.3270	1.3270	1.3140	1.3130

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	65-17	65-23	65-05	65-09
Dec	64-14	64-17	64-05	64-12
March	63-18	63-21	63-10	63-17
June	—	—	—	62-27
Sept	—	—	—	62-11
Dec	—	—	—	61-31
March	—	—	—	61-30
June	—	—	—	61-15

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	87.54	87.58	87.43	87.56
Dec	86.86	86.89	86.81	86.90
March	86.48	86.50	86.43	86.51
June	86.18	86.19	86.18	86.22

Company Notices

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for July 11.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	88⅛	89⅝	0	0	13.99
All Nippon Airways 14 94	103	102	102⅛	−0¼	+0⅜	13.58
American Savings 12 89	125	97⅛	97⅝	−0⅝	−0⅜	12.73
American Sav 12⅛ 89	100	97¾	97⅞	−0⅛	−0⅜	12.91
Australian Ind Dev 11 89	75	90⅝	91⅛	−0⅛	0	13.77
Austria Rep 13⅝ 92	100	98⅛	98⅜	+0⅛	+0⅝	13.94
Beneficial O/S Fin 12 91	100	88⅛	88⅝	−0⅛	−0⅛	14.84
Citicorp O/S 11¾ 99	100	†93⅛	93⅜	+0⅞	+1⅛	12.73
C.N.C.A. 13⅝ 91	100	95⅝	95⅞	−0½	−0⅛	14.27
Consfied Int 12⅜ 88	125	95	95½	−0⅛	−0¼	13.89
Creditanstalt 13⅛ 91	100	99	99½	−0¼	0	13.51
D.N.C. 11¾ 91 WW	59	88⅛	88⅝	+0⅛	−0⅝	14.57
D.N.C. 11¾ 91 XW	50	87½	88	0	0	14.74
Denmark Kingdom 12 91	100	89⅞	90⅜	−0⅛	−0⅛	14.35
Denmark Kingdom 13 91	100	95½	95⅞	−0⅝	+0⅛	14.07
Digital Equip 11⅝ 89	150	92⅝	93⅛	−0½	−0½	13.87
Dutch Mines 11⅝ 91	150	88⅝	89⅛	+0⅝	−0⅛	14.01
E.D.C. 11⅛ 89	150	91⅛	91⅝	−0½	+0⅛	13.68
E.I.B. 12½ 90	100	95⅛	95⅝	−0⅛	0	13.67
E.I.B. 12⅞ 94	100	95⅛	96	−0½	+0⅝	13.88
Eurofima 12½ 91	100	93⅞	94⅜	−0⅝	−0¼	13.86
Ex-Im Bk Japan 13⅛ 91	75	101⅝	101⅞	−0⅝	0	12.87
Florida Fed Sav 12⅞ 89	100	95⅛	95⅞	−0¼	−0⅝	13.84
Gen Elec Credit 9 98	630	24½	25	0	0	12.34
Gen Elec Credit 11 91 WW	200	92⅛	93	−0⅛	−0⅛	12.00
Genossen Zentral 14 91	100	99⅞	99⅝	−0⅛	+0⅝	14.28
Gulf & Western 12⅛ 89	100	91⅞	92⅜	−0⅛	0	14.52
I.I.I. 12 89	100	93½	94	−0⅛	0	13.84

* No information available-previous day's price.

† Only one market maker supplied a price

Straight Bonds: The yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

CAPITAL MARKETS

Deutsche Bank leads French Ecu issue

BY MAGGIE URRY IN LONDON

DEUTSCHE Bank broke new ground yesterday when it became the first German bank to lead an Ecu issue. German banks have held back from bringing these deals as the Bundesbank frowns on the use of the European currency unit (Ecu) in commercial transactions. But Deutsche Bank said the move reflects growing interest in Germany for the Ecu formula.

The Ecu 140m deal for Credit Foncier, the French housing finance institution, comes in two equal tranches – one fixed rate, the other floating.

The straight issue bears a 11⅛ per cent coupon which will be refixed after six years. Holders then have a put option at par or can stay for another six years. The 10-year FRN yields ⅟₁₆ per cent over the Ecu three-month interbank offered rate. In early trading both tranches were selling comfortably within their total fees.

Sparebanken Oslo Akersnus led a 150m Norwegian krone deal for the City of Oslo. Eurokrone deals are tightly controlled by Norway's Ministry of Finance and their rarity helps make them attractive. This seven-year bond is expected to yield 11¼ per cent. It traded at a half-point discount which compares with total fees of 2 per cent.

BNP Bank bond average		
July 11		Previous
98.855		[illegible]
High	1984	Low
100.009		[illegible]

The Canadian dollar sector was further burdened with new paper, as Wood Gundy brought a new borrower, Edmonton, to the market with a five-year C$50m issue. The coupon is 13¾ per cent. Looking to the retail buyer, the issue sold slowly at a 2 point discount, outside the 1⅞ per cent total fees.

Again the weight of new paper depressed prices in the Eurodollar sector, and seasoned bonds fell by around a ¼ point.

The Inter-American Development Bank's DM 200m eight-year issue was priced by Deutsche Bank at 99¾ with a 8¼ per cent coupon. Although the terms looked fair, a surplus of this type of paper left the issue trading at a discount of 1½ points.

Low turnover in D-Mark seasoned bonds left prices down ⅛ to ¼ point.

The World Bank launched a SwFr 200m 10-year bond with an indicated yield of 6¼ per cent. SBC will finalise the terms on July 16. Seasoned Swiss franc bonds were unchanged

Swedish loan decision

BY PETER MONTAGNON IN LONDON

SWEDEN is to decide today whether to accept a large increase in the $3bn loan facility it has been seeking in the Euromarkets. With commitments from the banking community now approaching $5bn, the facility is heavily oversubscribed.

Mr Peter Engstrom, director of the Swedish National Debt Office, said: "It's gone extremely well. The mandated banks have done a very good job." He confirmed the Debt Office board would meet this morning to consider an increase, but declined to say how high the amount could rise.

Bankers expect, however, that Sweden will decide on an increase of about $1bn which would still fall short of the total commitments received. Mr Engstrom said a decision would depend in part on whether the Debt Office could identify more existing loans that could be repaid early

Sweden has already said it wants to use the facility to pre-pay four credits totalling about $3.5bn. This is part of its systematic policy of refinancing expensive debt contracted when loan margins were higher.

This process has more or less run its course, but it is understood that Sweden still has some borrowings on its books which could be repaid early.

OVER-THE-COUNTER

Continued from Page 42

Stock		Sales (Hnds)	High	Low	Last	Chng
Steiger		132	7⅝	7½	7½	−⅛
SternL		19	4⅝	4⅝	4⅝	+⅛
StewStv		201	12⅛	11⅝	11⅞	−⅛
Stwtof	.88	38	20	19½	19½	

FINANCIAL TIMES SURVEY

South Korea

Although still forced to operate in a difficult external environment, South Korea has maintained an impressive economic performance. Under President Chun the country has also begun to implement economic and social liberalisation

Cautious path to liberalisation

JUREK MARTIN
Far East Editor

THERE ARE TWO words which aptly sum up the state of the Republic of South Korea today. The first is transition, which is usually applied to describe the state of its economy and sometimes its place in the larger world; the second is liberalisation, for which, on occasion, the word autonomy is substituted. Here the connotation is no longer, as hitherto, exclusively economic: albeit tentatively, it is being broadened to cover the state of society too.

That either word can be so freely used may come as a surprise outside South Korea itself. The popular external impression of the country is essentially twofold; on the one hand it is seen as a contemporary, and therefore rare, economic miracle, a second Japan, much as the comparison is resented, and often refuted, by Koreans themselves; on the other, as a country caught in the vortex of external circumstances over which its control is, at best, tenuous.

There is no lack of evidence to support these twin impressions. The Korean economic achievement is indeed substantial, over the last three years, in particular, and is regularly held up as a model for newly industrialised countries in a parallel state of development. Any nation that can, in 1984, boast of real economic growth of more than 8 per cent per annum and an inflation rate of less than 3 per cent is undoubtedly doing something right; when that country has had a history similar to Korea's, when growth is pursued at whatever cost to inflation and indebtedness, the transformation is little short of remarkable. Korea's debt — about $42bn—is among the highest in the world, but it is nonetheless, considered an eminently creditworthy nation.

Danger

Yet the external environment in which South Korea must operate seems, at first blush, to be as fraught with danger, as ever. Two events, both dominating world headlines, in the past year crystallise this — the shooting down by the Soviet Union of a Korean airliner last September, and the killing in October of members of the Korean Cabinet in the Rangoon bomb blast, perpetrated, it can now be said with close to certainty, by terrorists from North Korea.

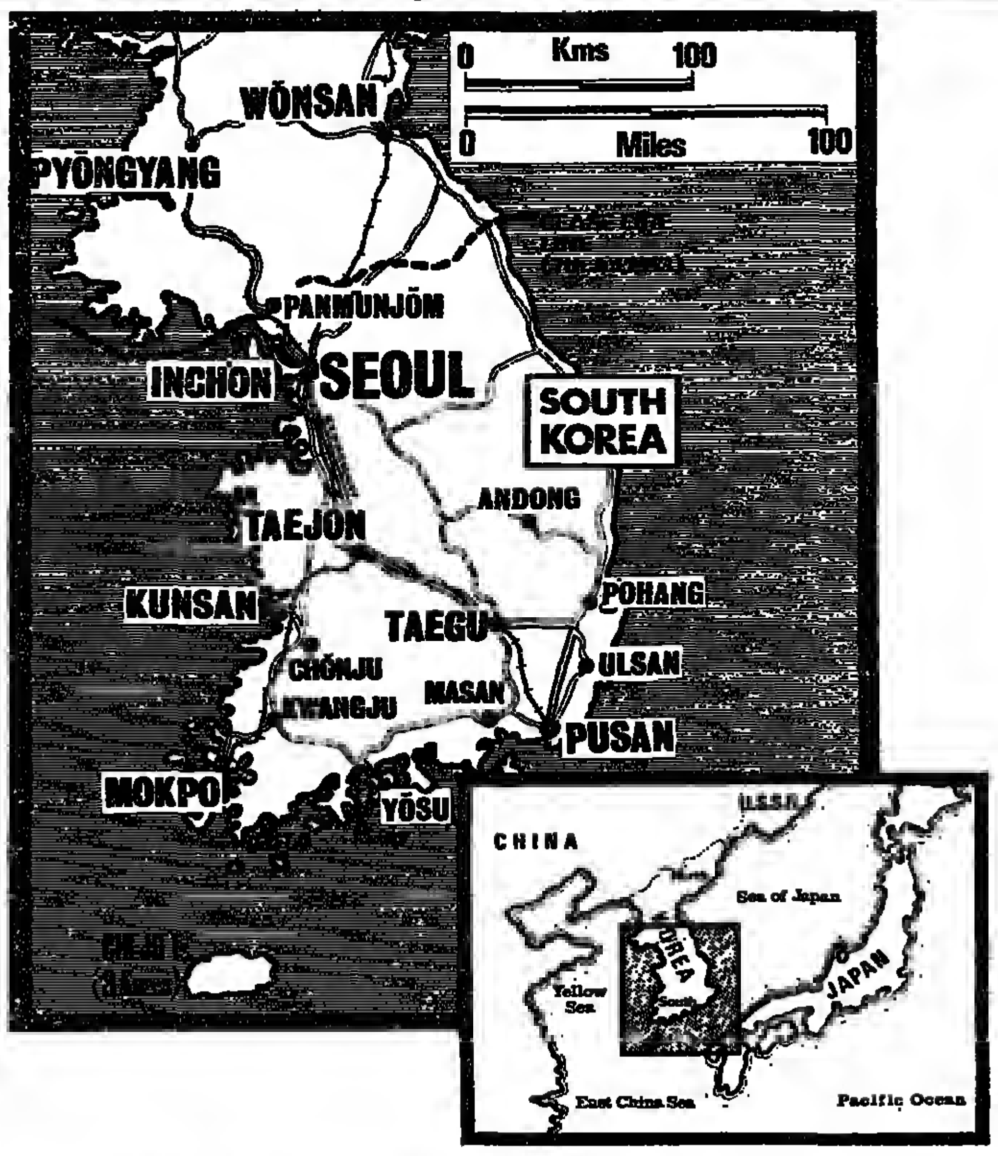
President Chun Doo Hwan: his evolution plan is based on stabilisation and then autonomy

It is true that the past 12 months have also seen developments reassuring to South Korea; generally successful visits, for example, by President Reagan, who took pains to stress U.S. solidarity with the Government in Seoul against the threat from the North, and by the Pope, whose symbolic tour must surely have eased Korea's sometimes palpable sense of alienation from the world community; at the same time, relations with the People's Republic of China have moved slowly out of the ice age of non-communication in the wake of the hijacking of the Chinese commercial airliner to Seoul.

Even the unfathomable régime in North Korea began making overtures of a sort (on discussing the future of the peninsula and on joint participation in the Olympics). Neither got very far and, in South Korean eyes, the spirit of both was rendered inherently suspect by the Rangoon atrocity, which happened to take place only 24 hours after the first Pyongyang "peace initiative" was transmitted. But at least there was the barest hint of movement for the first time in a decade. Indeed, in the broadest sense, South Korea is much less the international pariah than used to be the case.

Yet, in spite of all this, it is now possible at least to argue the case that the most important thing that is happening in South Korea is not the economic numbers, impressive though they may be, or the external environment, which has its pluses and minuses. Rather it is the internal debate between the forces of "liberalism" and those more accustomed to the authoritarian ways that have prevailed for much of the last 30 years.

President Chun Doo Hwan has his own blueprint for the country's evolution, which involves first stabilisaton, then the emergence of antonomy and finally an opening up into a climate of free competition. So far, the model has been applied principally to the management of the economy, but the liberals who are implementing this approach know that it cannot stop there. "The market economy," one of the president's senior advisers declares, "cannot function without free political democracy."



South Korea is still some way short of this nirvana. But it may well be that the most significant step—and certainly the biggest gamble — on this road was taken this spring when the government decided to remove riot police from the university campuses, where they have been for the last four years. It did so on the condition that if students wanted to demonstrate, which they did, they should confine themselves to university premises, which, by and large, they *also did*.

The same presidential adviser explains the decision to relax surveillance of the campuses more in philosophical than practical terms, though the two are closely linked. He sees it as an essential part of implementing the "antonomy" stage of President Chun's blueprint; "the universities have high-quality people; if we fail to have antonomy on the campuses, how can we expect to succeed in other areas of lesser quality?"

Security

He does not go so far as to suggest which non-economic sectors might next be in line to experience the benefits of greater freedom (the press or local government, or trades unions, for example). He points to what he describes as the omnipresent danger from North Korea and its infiltrators and saboteurs, which, he argues, gives South Korea security problems an especial dimension. He adds, more elliptically, that "we have to take into account our digestive capacity."

This appears to reflect an awareness of the fact that though the reformers seem to be winning most of the battles these days, especially on the economic front, the war is far from over. The "liberals" in the trenches are fairly easy to identify; they constitute mostly the U.S.-educated technocrats who have risen to the top of both government ministries and they have an increasing representation in President Chun's inner circle; but the conservative forces, in the military and in agriculture and commerce, remain potent.

CONTINUED ON PAGE TEN

CONTENTS

Mid-term task is to broaden support

Politics
ANN CHARTERS

THIS YEAR marks the mid-point in President Chun Doo Hwan's seven-year term of office. There is little doubt that the President himself is more experienced in the art of governing. Many point to a maturity and increasing self-confidence emanating from the Blue House, the presidential office and residence, in political, social and even ecooomic fields.

The President's handling of the aftermath of the Rangoon bombing in which trusted and bighly regarded government ministers and advisers lost their lives last October was a challenge in the extreme. The Government was reconstituted, the nation mourned its loss and retaliation against North Korea for perpetrating the attack against the South Korean Government in Burma was taken through diplomatic channels, not military action.

Many countries joined South Korea in condemning the terrorist act wbich followed so closely on the tragic downing of the Korean Airlines plane. The South Korean Government earned wide respect and sympathy for its measured response to both tragic incidents.

Successes, however, in any government can breed overconfidence. Crucial tn tha running of government, whether in times of crisis or nnt, is the quality and diversity of information that reacbes a president. Some quarters contend the President has become more isolated and listening less to diverse opinions. Others maintain he bas become more clever and permits a certain amount of debate.

Both viewpoints have one concern in common wbich is the degree to which the President is in touch. A high-level government official contends that the *danger of limiting sources* of information is appreciated. He maintains that the President gets information in every possible way through quite open informal and formal contacts with Cabinet ministers, public media, people in and out of the Government and through frequent field trips.

Co-ordinating role

It is widely thought, however, that since the dismissal, well hefore the Rangoon bombing, of a closed and influential group of three advisers, the President has taken on himself more the beavy burden nf screening, evaluating and digesting extremely diverse information in conjunction with an expanded group nf 12 advisers.

The President, by necessity, takes a co-ordinating role, reading briefs and evaluating the need for more information. Government officials say there is more time for interministerial reactions than twn years ago and that the Foreign Ministry plays a more important role since the implications of domestic policy have an impact now overseas which was not true 10 years ago.

Yet, doubts persist as to how in a Confucian culture the extremely onerous task of being the bearer of bad news is handled. The President regularly receives briefings from three intelligence sources, the National Security Planning Agency, the Defence Security Command and the National Police.

A balance which might be provided by the domestic press is non-existent sioce the press practices self-censorship in the cause of national security and rarely offers constructive criticism.

The Government's dramatic new tact toward students is cited as an example of how channels of communication with opposing views resulted in a change of policy direction. This spring, police and plainclothesmen were removed from campuses and students were allowed to demonstrate as long as they confined their activities to the campus. On the occasions when the students tried to take tn the streets, they were stopped by riot police.

The Government earlier harder line of arresting student demonstrators nn campus was widely thought to be counter-productive, resulting in a growing number of radical students.

Although only one semester has passed under the new policy, there are some indications that the increased campus autonomy is working. The numbers of students who continue to demonstrate is small, usually 10 per ceot or less of the student body.

Importance

There seems to be less sympathy from other students, professors and the general populace for those who persist *in confrontation, and refuse to* discuss their grievances with school authorities. The media has also played on that bias.

The Governmeot appears to place great importance on this step. According to one highly-placed nfficial, if the students, who are well educated and intellectual, fail tn handle the new autonomy on campus by regulating themselves and showing responsibility, how can *other sectors of society* be expected to do any better?

It could be argued that placing the burden of responsible performance on university students, whn in a few societies are given tn hotheaded and immature actions, is an extremely demanding prerequisite to a relaxation in other areas.

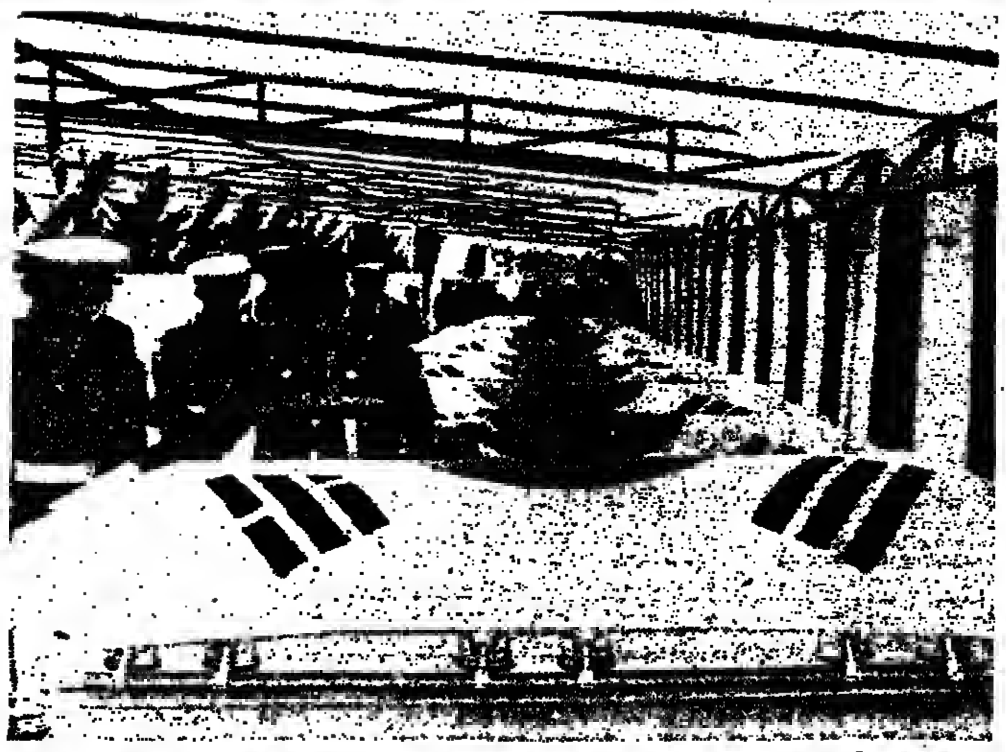
Yet the campuses have been the scene of the most visible opposition to authority. Those in government worry that North Korea looks on dissent as an opportunity to destabilise the Government to the sonth.

Viewing the campus policy from the Government's perspective, it fits into a long-term plan for change in Korea's political and social environment, that follows the pattern applied to the ecooomy.

First, there must be stability, then self-regulation, followed by an opening up and then an eventual competition. Liberalisation should extend eventually into the social aod political spheres, the official thinking goes, since a strong economy operating with the free market *mechanism* cannot *function* without a free democratic system.

The question is timiog. The economy would appear to be on a faster track. Because of tbe threat posed by North Korea with its 700,000-strong armed forces deployed south and its continued interest in disrupting the south, as evideoced most recently in Rangoon, the South Korean Government contends there are *limitations* as to how much and bow fast change in society can be digested. Once the campuses are autonomous and stable, the Government says it can choose other areas as more urgent.

The well-educated population must believe, however, that patience will earn its reward. As long as the economy continues to improve the average worker's standard of living, political concerns seem to be a lower priority.



The South Korean Government won wide respect and sympathy for its measured response to the Rangoon bombing by North Korea in which 17 Korean officials were killed. Above: tribntes being paid to the victims before burial at Dongjak-dong national cemetery

Recent protests by taxi drivers in several major cities intent on reducing their daily turnover to the cab companies revealed that channels to defuse labour-management problems did not exist or, at best, were not functioning.

There are few outlets for debate on nagging issues. One is the National Assembly. Although some profess to he uninterested in the National Assembly and its upcoming elections since government policy is merely endorsed there, rarely msde, the assembly does provide a public forum where legislators can make a name for themselves and pose embarrassing questions to ministers.

Although the National Assembly *elections could be as far* away as next March and the ruling government party is unlikely to lose its majority of seats in the assembly, there are those in the Government who privately admit that the ruling party would like to have a good showing in the voting.

In the 1981 election for two representatives from each of the 92 districts, the Government's Democratic Justice Party elected 91 legislators compared to the combined total of 93 for the other seven parties and independents.

Since the government party won the highest percentage of *the votes, 36 per cent, albeit a* minority, it became automatically eotitled to two-thirds of the legislators appointed under proportional representation, thereby being guaranteed a majority in the assembly.

Tn enhance its chances nf at least duplicating the last result, the Government is casting about for ways to broaden its support. Officials say that economic policy will not be used to improve the popularity of the Government party before the election.

They contend that the present tight money policy is in place for sound, long-range objectives of price stability and that other means are at the disposal of the party to augment its popularity.

A further lifting of the ban on political activities for the 99 remaining politicians and dissident figures could be one way of helping the country come to terms with past events, but a total lifting to include the better known dissidents is un*likely*.

The government party conld also try to improve its chances by fielding a large crop of new candidates.

By its own admission, the DJP says some candidates were hastily selected before the last election in 1980 and should not stand for re-election. The names of potential candidates are being selected and will be *submitted to President* Chun, who also serves as head of the party, fnr final approval. The exercise may determina the tone of the political climate to come.

When the present term of office for President Chun expires in March, 1988, the next candidate for the presidency will be determined according to procedures already in place in the constitution, according to current government thinking.

President Chun has repeatedly stated his intention to be the first Korean President to achieve a peaceful transition of power and leave office after one term.

To do so, would grant a legitimacy of his government in many eyes, since ha came to power in a military coup. Yet, how to allow a successor, not a rival, to emerge and pick up the reins of power in a society that is not given to calm debate is the task for the next three years.

Limelight proves gratifying and frustrating

Foreign Affairs
ANN CHARTERS

THE FOCUS of world attention has scarcely left Korea over the last 12 months as, first, tragedies then visits from world leaders, and, most recently, efforts to establish a dialogue between North and South Korea have kept interest in the country high.

The limelight has been both gratifying and frustrating. Korea was put more firmly on tba map with the visits by U.S. President Reagan and Pope John Paul II, among nthers, in the aftermath of both tha Korean Airlines shooting and the Rangoon bombing. However, the Government had little recourse but to work through its allies to redress its wounds.

Despite some rough spots on trade issues, relations with the U.S. have rarely been better. After the tragedies last fall, South Koreans felt besieged and irritated at their lack of leverage. The country is not a member of the United Nations, and, not having diplomatic relations with Russia, was not even able to bave the satisfaction nf severing links as a countermeasure. The U.S. was forceful in its support, bowever, and soon after, President Reagan visited Seoul and reassured South Korea that the country was strategically important to the U.S. and a close friend and ally. The message was reinforced by a succession of top-level visitors later.

Close relations, however, are not carved in stone, as tha South Koreans well remember. The Carter Administratinn's thoughts of taking American soldiers out of Korea and the U.S. pull-out from South Vietnam, viewed by some as a failure to uphold an obligation to an ally, have left the Koreans bypersensitive to any signs of wavering in U.S. commitment.

A recent case in point occurred in Beijing during Secretary of State George Shultz's discussions with Chinese officials on talks between North and South Korea. According to a well-informed source, Mr Shultz deviated from a prepared text and slipped up when he asked if the Chinese would host tripartite talks.

Although the U.S. may view the episode as a tempest in a teapot, it cansed South Koreans to wonder if there was more behind the slip. The incident also increased South Korea's annoyance at being a spectator, not an active party, to discussions about its fate.

The U.S. is on record as favouring South Korea's proposal for bilateral talks between the two Koreas nr for expanded four-party talks to inclnde both China and the U.S. The U.S. does not want to preclude the use of any forum, but insists that the full and direct participation of South Korea is necessary.

Talks

Althougb the idea for three-party talks to include South and North Korea and the U.S. was first proposed by the U.S. in 1979, it was most reluctantly supported by the south at the time. Last autumn, North Korea proposed three-party talks including the U.S., but accorded South Korea only observer status, a position wholly unacceptable to the south.

The sincerity of the north's proposal remains in doubt as the overture came the day before North Korean army officers planted a bomb in a Rangoon mausoleum. It killed 17 visiting South Korean dignitaries and narrowly missed the South Korean president whn was delayed in traffic. Although the Burmese Government tried the North Koreans for the killings, the North Korean Government has never admitted responsibility for the incident.

The basic stumbling block to progress in reducing tension on the peninsula, according to informed observers, is that North Korea does not recognise the South Korean Government as a legitimate and legal authority. Fnreign affairs experts say that since North Korea believes itself to be the only legitimate government on the peninsula, it regards the South Korean government as a puppet of the U.S. and persists

CONTINUED ON NEXT PAGE

Ambitious growth targets look increasingly attainable

Economy

JUREK MARTIN

"THE SINGLE biggest constraint we have is the balance of payments deficit," Kim Mahn-Je solemnly declared. Most finance ministers from countries in Korea's stage of development would count themselves lucky if they could transfer Korea's external figures to their own accounts.

After all, in 1983 the Korean current account deficit stood at a "mere" $1.6bn, only about a third of the 1980 level. Officially the target is for a further reduction to $1bn in the current year — though government officials concede that this goal will probably not be met—with a small surplus projected for 1986. By virtually any international standards of measurement, the improvement in the Korean external position is *impressive*, especially since it has been accompanied by economic policies designed to expand, rather than restrict, output.

However, the Finance Minister's caution is understandable. Almost without exception, Korean officials contend that the biggest threat to the domestic economy comes from outside the country—in the shape of protectionism or an abortion of *the global economic recovery*, both of which could severely affect exports, or as a result of a general resurgence of the international debt repayment crisis, which could spill over onto Korea.

Inconceivable

In spite of the fact that its foreign debt (some $42bn) is among the largest outside Latin America, Korea does not have a repayment problem. It is assiduously—and successfully—reducing its short-term exposure from the 35 per cent level of last year; the current revised five-year plan envisages a much smaller rate of growth in external debt than first projected (at $47bn by 1986 versus $65bn in the plan's original estimates); the country's credit rating, especially given the international climate, remains high and institutions have no difficulty raising funds externally, which cannot be said for most countries in the region.

But, as Kim Mahn-Je puts it, "If you have a large foreign debt yon get nervous about it." Consequently, the government's watchword remains one of restraint—on fiscal policy and in gradually *reducing* the growth of the money supply and in ensuring, by various means, that domestic demand remains under control.

Yet, reaching for the moon in a way that would seem inconceivable in many other countries, Korea reckons that it can stili achieve real economic growth of 7.5 per cent per annum, financed mostly by domestic savings, and maintain *price stability* for the foreseeable future.

The economic statistics of the last few years suggest that this ambitious goal may be achievable. In the first quarter of this year, for example, real (inflation adjusted) GNP rose by no less than 9.7 per cent at an annual rate, higher even than last year's 9 per cent. Some moderation in the growth rate is expected over the remainder of the year, but officials still project annual expansion of a little over 8 per cent. Consumer prices, which as recently as 1980 were rising by 30 per cent a year, went up by barely 3 per cent last year and may even do better this year.

It is true that the inflationary psychology to which Korea became accustomed in its go-for-growth period between 1960-80 has not entirely been broken. The odd outburst of real estate speculation and the continuing extensive use of the unofficial "*kerb*" *financial market. which* commands high real interest rates, are testament to this, as well as to continuing inadequacies in the national commercial and financial infrastructure. Most government economists reckon it will take another two to three years of restraint, at the minimum, for the country to be weaned off its inflationary milk.

INTERNATIONAL RESERVES ($m)

	Dec 1982	Dec 1983
Foreign currency .	29	33
Bank deposits	3,458	3,058
Securities	1,366	1,318
Receivables	2,033	2,345
Other	98	156
Total	6,984	6,910

The planning blueprint also assumes an annual growth in exports of 14 per cent and in imports of 12 per cent, the former being the more important figure. There is, however, a lot of volatility in the trade picture; in the first four months of this year, for example, exports rose by no less than 29 per cent over the same period last year and imports by 25 per cent; part of the extraordinary increases can be accounted for by inventory adjustments, part by the U.S. recovery. But this is probably unsustainable and the pendulum could swing back a lot.

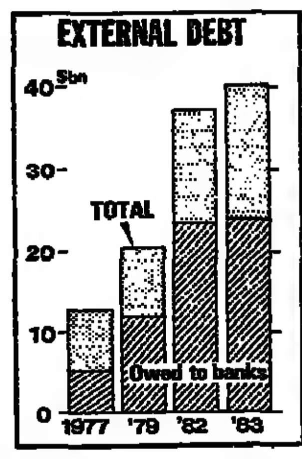
The most commonly raised question mark over Korea's *ability to finance its plans internally* centre on the domestic savings rate. Last year the achieved savings rate of about 24 per cent was three percentage points below the five year plan's assumptions. Though the government can ensure it meets its share of the target, it may prove less easy to tap the pockets of the individual.

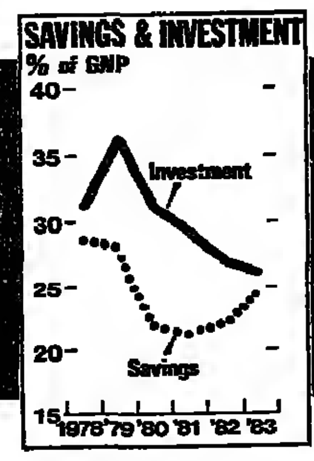
Expansion

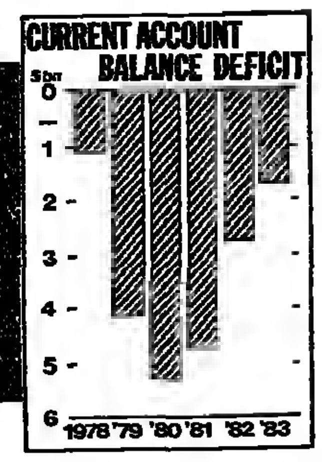
With per capital income likely to pass $2,000 a year in 1984, Korea is experiencing something of a consumer boom. It is worth remembering that though colour television was only introduced into the country in 1980 (and colour TV programming in the following year) 50 per cent of Korean households owned a colour set last year, a phenomenal expansion; in spite of formidable taxes, car sales have begun to *shoot* ahead at a rate of 20,000 a month.

This presents the government with something of a problem in trying to divert private money into investment rather than consumption; on the one hand it knows that, for political reasons, as many Koreans as possible must share in the benefits of economic success, on the other that it must continue to manage domestic demand up and down. The classic answer, officials insist, lies in liberalising the financial system and providing a wider range of investment instruments than currently available.

But this is going to take some time to implement. In the meanwhile the government may have no choice but to keep consumption taxes high (a planned reduction this year has been postponed), monetary policy restrained, and to maintain a close watch on the content of imports, continuing to favour those which can be turned around for export purposes.







Yet this is no more than a technical management problem and pales into insignificance beside the country's economic strengths. Assuming no disaster of titanic proportions threatens the debt position, Korea may be rather less vulnerable to external squalls than officials like to suggest.

It is worth remembering that this is an export-orieotated economy whicb does not rely on one product nor on one market. Thus the sharp contraction in orders from the Middle East has been a blow that has been comfortably absorbed, for all the unease it may have caused the construction industry itself. The same judgment may apply to the shipbuilding industry assuming, as looks more and more likely, last year's rapid rate of order growth cannot be sustained.

What coocerns the economic planners is the engineering of more diversification—and the exploration of more markets with Europe, if the recovery takes hold, a clear target area. This requires the absorption of more technology, enabling the country to emerge as much as a supplier of parts as of finished products, and the creation of a better financial base domestically. It also mandates greater attention being paid to infrastructural development, such as housing, and the maintenance of the nation's current comparative cost advantage.

This is very much the litany which the government's economic planners preach every day. It used to attract much scepticism from foreign bankers and would-be capital investors, and it still does, though to a measurably less degree, as the gulf between promise and achievement does appear to be closing.

If anything, the cloud on the economic horizon seems to be there more as a result of success than failure. As Kim Ki-Hwan, the former Commerce and Industry Vice-Minister now responsible *for foreign* investment sees it, there is a popular perception in the West that Korea is "another Japan." This, he insists, "is a very false perception—and a very dangerous one."

MERCHANDISE EXPORTS

BY PRODUCT

	Percentage shares 1978	Percentage shares 1983	Percent change 1983 over 1982
Manufactures	88.7	94.4	12.9
Light manufactures	53.6	39.6	3.4
Textiles	31.6	25.0	2.1
Wood and leather	3.9	1.8	−12.3
Footwear	5.4	5.2	18.2
Other	12.6	7.6	9.7
Heavy industrial	26.4	42.4	16.4
Chemicals	3.2	6.2	8.6
Iron and steel	4.3	10.2	4.7
Machinery	2.0	4.4	23.4
Ships	6.3	15.4	31.9
Other	10.6	6.2	8.1
Electronic products	8.7	12.5	39.2
Nonmanufactures	11.3	5.8	− 0.4

BY AREA

	Percentage shares 1973	Percentage shares 1983	Percent change 1983 over 1982
Industrial countries	85.9	66.8	15.8
U.S.	31.7	33.6	32.8
Japan	38.5	13.9	1.3
Oil exporters	2.4	15.7	11.9
Saudi Arabia	0.4	5.9	26.6
Kuwait	0.2	2.3	117.2
Non-oil developing countries...	11.6	17.5	− 0.2
Asia	8.2	12.3	10.1
Hong Kong	3.7	3.3	−10.1

Source: World Financial Markets: Morgan Guaranty Trust.

In the limelight

CONTINUED FROM PREVIOUS PAGE

in wanting re-unification according to its rules.

This stubborn refusal to take the South seriously bodes ill for much change. Cross recognition or North and South Korea as a tension-reducing scenario with the U.S. and Japan recognising the North, and China and Russia establishing relations with the South is not a likely option. Sources say the Chinese have rejected it because the North Koreans consider it a plot to recognise South Korea.

Posturing

The recently aborted sports talks called to discuss a joint North-South team for the Los Angeles Olympics are widely regarded as diplomatic posturing by the North to divert attention away from Rangoon. A South Korean foreign ministry official indicated that if North Korea is serious, there are other sports events which could be attended jointly. Of course, the South Koreans have to appear to take the North's proposals seriously, since they want to preclude the North from scoring diplomatic points, but cynicism is rife.

Both those in and out of the government say that time is on the *side* of South Korea.

With Korea's growing visibility, however, there is need for a more comprehensive foreign policy that takes into account a broad perspective on how issues interlock and a closer evaluation of where mutual interest between countries lie.

The expected meeting this year between President Chun and the Japanese Prime Minister Nakasone is likely to yield another first for President Chun's personal diplomacy. If some bothersome issues such as the status of Korean residents in *Japan* and the *textbook* treatment of the Japanese occupation of Korea can be smoothed, then the South Korean president would make the first official visit to Japan by a Korean head of state.

Over the next three years, South Korea is expected to *revitalise* its policy of *increased* contacts with Communist countries, including a slow resumption of exchanges with Russia. Further contacts with China through multilateral sports and cultural events are expected although they may occur with less hoopla and publicity than before.

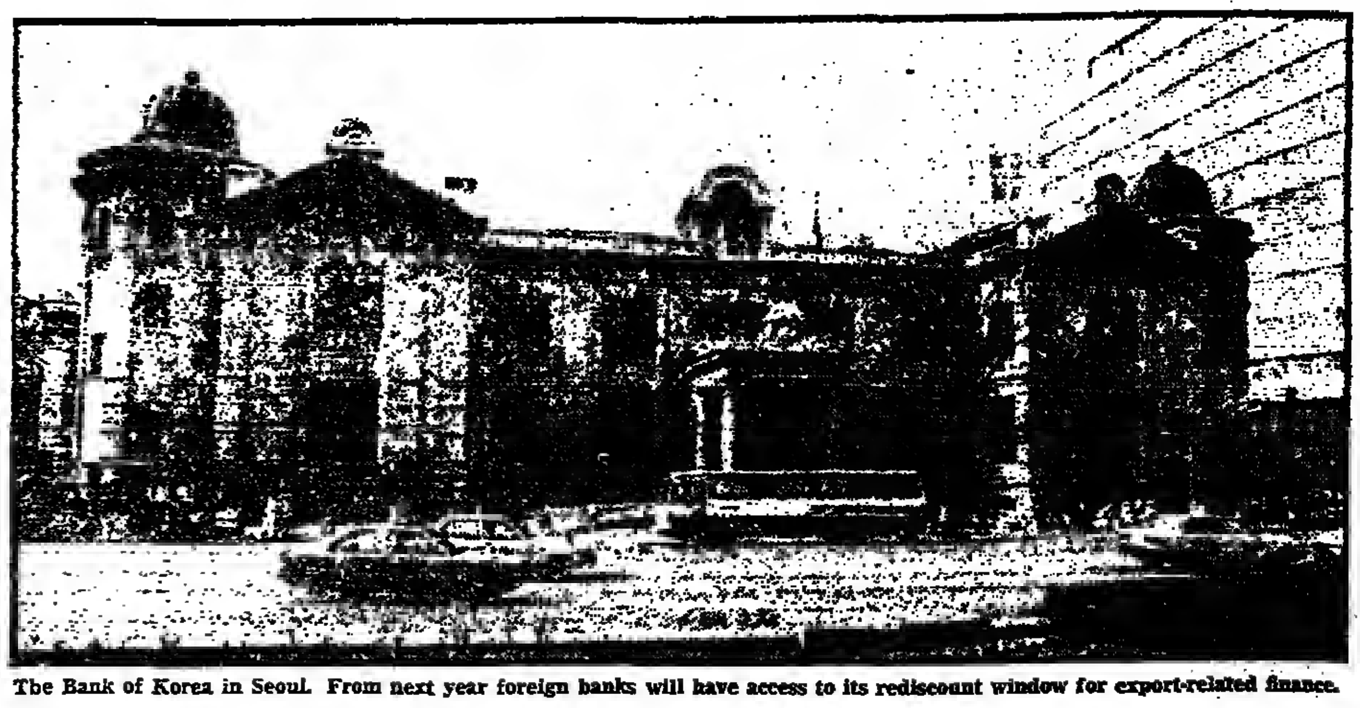
South Korea would like the 1988 Olympics to be boycott-free, but the government is realistic enough to know that despites its overtures to Communist nations, the vagaries of world politics makes guarantees impossible.

Given its success on the economic front and in raising its profile by attracting international events, such as the Asian Games in 1986 and the Summer Olympics in 1988, the country will gain stature and distance itself even further from North Korea the economy of which appears to be flagging.

The example of West and Fast Germany may even offer encouragement as to how two divided countries with opposing ideologies can co-exist. But, as one expert put it, such an example can also serve as an excuse for not actively pursuing ways to defuse the current impasse between North and *South* Korea.

There are those that urge South Korea to concentrate more on positive issues in its foreign relations and belabour the North-South confrontation less. The caution is not intended to diminish the real threat posed by the North, but to suggest that other issues of economic, cultural and political importance deserve far more attention.

The country's foreign affairs have been more marked by personal diplomacy between the South Korean President Chun Doo Hwan and other heads of state than under previous governments, and with generally positive results.



The Bank of Korea in Seoul. From next year foreign banks will have access to its rediscount window for export-related finance.

A step nearer widening export finance market

Banking reform

JUREK MARTIN

KOREA'S NEED for a capital markets structure designed to serve, rather than hold back, its economic development has not been a matter of intellectual dispute for some years. What has been furiously debated, however, is whether the government would ever match its words with action, particularly in the area of permitting foreign financial institutions to play a larger role.

Thus, no sector of the foreign community in Seoul was more pleasantly surprised than international bankers when, in April, the finance ministry announced that "practically all discriminatory restrictions imposed on foreign banks will be gradually phased out for true national treatment."

By the same token, few Korean sectors were more upset by the announcement than domestic banking, which is, in effect, still learning the ropes of the trade after its denationalisation less than three years before, and which remains very much subject to government credit allocation policy. Within the past month, questions as to the wisdom of the government's move have indeed been raised in the Korean Parliament.

Contention

There has also been some discussion over whether the April reforms were the voluntary product of the Korean authorities or extracted under duress by the U.S., whose treasury secretary, Mr Donald Regan, was through Seoul earlier in the year. Korean officials insist the initiative was theirs, a contention that some of the leading foreign bankers, who have lobbied long and hard for reform, basically accept.

Foreign banks will not, according to the reform blueprint, achieve national treatment status overnight, nor are the timing and practical ramifications of all the government proposes yet set in concrete. In effect, the concept of national treatment means that the foreign banks will be able to raise funds more easily but may also be subject to some of the requirements now attendant on their domestic counterparts.

Probably the most *important* single gain is that from next year foreign banks will have access to the Bank of Korea's rediscount window for export-related finance, probably the fastest-growing financial area. Officials insist this freedom will be granted "in the beginning" of 1985, though this is not certain. In 1986 the rediscount window will be opened for import-related loans. Use of this facility already provides domestic banks with one of their largest fund-raising sources and absence of it, in the view of foreign bankers, has constituted a severe disadvantage.

At preseot, according to the Miinstry of Finance, about 60 per cent of foreign bank usable capital is generated by currency swaps—that is, bringing in foreign currency for exchange into Korean won. It may be that as foreign bank use of the rediscouot facility rises, recourse to swaps may decline; if not, the Governmeot may impose ceilings. In any event, what the foreign banks wanted above all was the ability to engage in export finance, and opening the rediscount window from next year seems a major step in that direction.

The Ministry of Finance is also proposiog to change the formula by which it calculates a foreign bank's "nominal" capital (again, the details have not been disclosed). It is allowing foreign banks to join the National Bankers Association and the clearing house which may be of marginal assistance and has also lifted the 10 per cent compensating balance requirement on foreign bank loans.

In some areas, domestic banks will still be given a head start in generating new business. In June this year s certificate of deposit market was created for domestic banks *only*; it is far too early to say how it is working out, but, if successful, there is an implicit assumption that foreign banks may be allowed to issue CDs, perhaps next year.

Similarly, domestic institutions are being allowed this year to engage in trust banking, a concession only to be granted foreign banks in 1985. Given the limited nature of foreign bank's retail operations (and branches) this may not produce much extra business; some foreign banks in Seoul would very much like to be able to get into insurance, but the chances are that such participation will not be granted in the near future.

The quid pro quo of loosening some of the curbs on foreigners is that they may be subject to some of the Government's credit allocation policies. Domestic banks, for example, are obliged to devote 35 per cent of their loans to small and medium-sized businesses. It is not clear yet if "national treatment" will necessarily require foreign banks to do the same, though it will clearly be politic for them to be seen to be doing so—and some claim to see considerable commercial opportunities therein.

Competitive

Beyond the technicalities, however, it is apparent that the Government is intent on introducing a more competitive element into the financial system. It needs more diverse investment instruments both to raise the domestic savings rate and to attract external capital, without which the country's ambitious development plans may fall short of fruition; and it sccepts that foreign banks can play the role of catalyst in making Korean banks more efficient than they are at present.

This is, however, a gradual process. It presumes a shake-up in the domestic (and perhaps foreign) banking community, which the Government may find politically difficult to accommodate. At the very least, the authorities can be expected to monitor with extreme care the expansion in foreign bank activities.

At present, foreigners command abont 12-13 per cent of total lending, though only a fraction of this in local currency; some officials doubt that foreign banks will exceed 10 per cent of the local currency loan market, simply because they lack the networks of the local banks; the same, however, may not be true of export-related finance, which is where the domestic institutions, not generally very profitable, actually make a return.

FOREIGN BANKS IN SOUTH KOREA (April, 1984)

	Total	U.S.	Japan	France	UK	Others
1. Branches	48	15	9	5	5	11
Opened in						
1967-71	6	3	2	0	1	0
1972-76	5	1	2	2	0	0
1977-81	26	12	0	3	3	8
1982-84	11	2	4	1	1	3
2. Representative Offices	21	6	5	0	0	7
3. Korean Banks Abroad						
Branches	46	17	8	1	6	14
Representative Offices	64	10	8	3	4	39
Subsidiaries	15	5	0	0	0	10

Source: Ministry of Finance

SOURCES AND USES OF FUNDS

Sources	1979	1981	1983	Uses	1979	1981	1983
1. Foreign Currency (U.S.$m)							
Deposits	31	133	276	Loans	1,480	2,256	2,391
Inter-Office	1,956	3,310	4,183	Swap	399	1,007	1,706
Other	61	111	253	Other	189	292	617
Total	2,048	3,554	4,713	Total	2,048	3,554	4,713
2. Local Curency (bn Won)							
Converted from Foreign Currency	193	705	1,284	Loans	296	847	1,341
Deposits	96	216	313	Deposits	59	123	130
Other	77	451	550	Other	13	402	676
Total	366	1,372	2,147	Total	368	1,372	2,147

Source: Ministry of Finance

£58m deal for Davy McKee

The chairman of Pohang Iron and Steel (Posco), Mr Tai Joun Park (centre) and Mr Roger Kingdon, chief executive of Davy McKee Teeside sign a £58m contract for the design and construction by Davy McKee for a blast furnace for Posco. Mr Paul Channon, Minister of Trade (left), attended the ceremony as part of his official visit to South Korea

Slow progress in dismantling barriers

Import Liberalisation

LARRY KLINGER

A SEOUL-BASED diplomat, soon to be rotated back to his western capital, wants to sell his grand piano. The sale is unlikely.

The piano is Japanese and thus an import if sold in Korea. The owner computed the duties and taxes such a sale would attract:

- Customs duty: 60 per cent of Carriage, Insurance, Freight (CIF) valne.
- Defence tax: 2.5 per cent of CIF value.
- Special consumption tax for grand pianos: 30 per cent of (CIF valne plus customs duty).
- Other consumption tax: 20 per cent of (CIF valne plus customs duty).
- Second defence tax: 30 per cent of special consumption tax.
- Value added tax: 10 per cent of (CIF valne plus customs duty plus special consumption tax).

The diplomat reckons that total duties and taxes would be upwards of 200 per cent of the piano's actual valne.

When told this story, a second western diplomat flew into something like a rage.

"This is exactly what the South Koreans mean when they talk about free trade," he exclaimed. "Meanwhile, their pianos are flooding into the EEC. I know the figures, around 3,500 in 1979 and more than 10,000 in 1982: And their new so-called import liberalisation programme is complete eyewash."

The South Koreans, of course, dispute this view, especially as encapsulated in that last remark. They say that their current import relaxation programme is designed precisely to remove the vast majority of imports from either outright bans or prohibitive non-tariff barriers and to apply a straightforward tariff system, which, by 1986, will be no more restrictive than those in most western countries.

Nevertheless, the Koreans agree that the actual timing and real future extent of the liberalisation remains uncertain. While foreign officials often challenge even Seoul's declared intentions, the South Koreans insist that, despite the expected hiccoughs in applying the scheme over the next four years, the country's eventual import regime will be among the freest in the world.

One leading economic adviser to the Government says he is losing patience with the country's foreign critics. "They forget," he said, "that, in this world of protectionism, Korea is the exception in doing this.

Instinct

"We bave somehow been able to overcome the almost universal, domestic instinct for protectionism because we know that, to become competitive on world markets, we must expose our own industries to this competition if they are to become really efficient and effective. That is the reason we are doing this, not because of international pressure."

Current policy has its origins in the previous government's setting-up in 1978 an Import Liberalisation Deliberation Committee, which, however, was unable to make little more than some initial progress because of the second oil shock, the subsequent world recession, the deterioration in Korea's balance of payments and the then prevailing view within the country that it could not open up its economy too rapidly.

However, since 1980, after the coming to power of the present Government led by President Chun Doo Hwan, the powerful finance ministry, supported both by the country's Economic Planning Board and the Korea Development Institute (KDI) research organisation, decided to press ahead.

There was strong opposition from Korean business, which, in addition to mounting a campaign on its own against "moving too fast," the policy was championed in tough inter-government negotiations by the Ministry of Trade and Industry. But the Finance Ministry and its advisers won out, at least on the main principle.

As economic conditions improved generally, direct restrictions such as outright bans were lifted on 366 items in 1981, 167 in 1982 and 305 last year. From July 1, a further 352 joined the list. Over the next four years more than 800 will be added so that, Korea says, 95 per cent of the country's potential import items will have been lilberalised by 1988.

What the Finance Ministry conceded, bowever, and this is what fuels the sceptics' continuing disbelief that the country will really open its doors, was the establishment of emergency measures that could halt imports that do expand. These fall into two categories: first, a "surge" mechanism to protect infant domestic industries from being swamped by cheaper products from overseas, and, second, so-called "adjustment" rules to limit imports if business organisations can demonstrate successfully that a certain sector is being damaged significantly.

These "sbock absorbers" for industry were the Ministry of Trade's bottom line, and the proponents in government of greater relaxation describe them as being like a "blanket you have to carry to live," admitting that they would not have got this far without retaining the emergency measures.

"There certainly will be relaxation on raw materials, but the scope and timing affecting manufactured goods is completely uncertain," said a western trade expert. "Past experience is not encouraging. For example, a few years ago a U.S. company selling space beaters which were considerably more expensive than local ones still managed to build up a market.

"They were suddenly hit by an import ban. The argument seemed to be that, even if the public wanted to spend more for better quality, if they can't get it at all, they'll have to buy Korean.

"Another case involved high-pressure vessels, which attracted a 70 per cent duty exemption for three years. Then they were suddenly reclassified with no exemption, and the authorities demanded that three years of back duty should be paid at the full rate."

Another widespread complaint is that, while it is true that the majority of potential imports are being removed from complete bans, the new tariffs are being set at such high rates that, even when they are progressively reduced as planned over the next four years, imports on any significant scale may still prove impossible.

For example, duty on gramophone speakers are being set at 40 per cent to be reduced to 30, razor blades at 40 per cent to come down to 20 per cent, and cameras and refrigerators at 40 per cent with 30 per cent to follow.

Smokescreen

Many of the sceptics feel that only further international pressure will insure that the Korean authorities will practice wbat the Government is now officially preaching. (Indeed, some officials in Seoul admit that below ministry level, especially at the technical level, the full spirit of the Government's intentions may not always be applied.)

Some foreign critics argua that the wbole scheme is designed simply as a smokescreen to ward off possible measures being taken abroad against Korean exports.

High-level Korean officials, bowever, insist that their intentions are honourable and that widespread liberalisation, which may not be attained smoothly, will nevertheless become a fact of Korean economic life. They say that one will simply have to wait, but not for too long, to see if the projected tariff levels are rigbt.

Moreover, officials say, the country must proceed cautiously since it does not have any sophisticated systems for anti-dumping measures or import quotas. These may have to be adopted and, since there will no donbt be many cbanging economic factors to consider in the near future, the entire liberalisation programme will have to be kept under constant review.

Meanwhile, for the potential exporter to Korea, it is true that many uncertainties remain, and, therefore, be will want to do his bomework as best as possible, almost certainly with the help of a good local agent who not only knows which way the local economic wind is blowing but will bave a good idea of the probable course of political policy as well.

A foreign businessman summed up the situation thus: "Timing is the basic issue. I think there will be real import opportunities. One must not give up. The obstacles do not form a brick wall. They are more like a bamboo curtain with some sizeable boles in it. You must find the right bole. You must establish a particular opening for your product."

PROFILE: Mr. KIM MAHN—JE, Finance Minister

Pragmatist at the helm

STEREOTYPING is always dangerous—and often rude. Bnt it is hard to avoid the observation that the generation of government officials who are now nndging the Korean economic infrastructure on its long road to liberalisation do appear to conform to a certain pattern.

They invariably seem to be young, in their late 30s and 40s. Almost without exception, they have postgraduate degrees from U.S. universities, generally the best ones. Partly as a result, all speak fluent English.

Many have worked at the country's best known economics think tank, the Korean Development Institute, and all, it seems, have been influenced in one way or another by the guru of modern Korean economic policymaking, Kim Jae-Ik, the late Presidential adviser who was a victim of the Rangoon bombing.

But these are not Korea's version of Chile's "Chicago Boys," except in one respect, their doctrinaire belief in what they are doing. Whereas the Chilean experiment, if in the end crucially flawed, was marked above all by monetarist fervour, Korea's economic scientists rely on no known theoretical textbook.

They do believe, in the broadest sense, in supply side theories and in a restrained monetary policy. But there seems to be an awareness that the task of managing an economy in transition from government-directed go-for-broke growth to the goal of a more upen, competitive maturity requires more diverse tools. Both carrots and sticks have roles to play.

Finance Minister Kim Mahn-Je: a product of the country's best-known think tank, the Korean Development Institute

His beliefs

Kim Mahn-Je has been Finance Minister since late last year, when, as part of the post-Rangoon reshuffle, be replaced Mr Kang Kyong-Thik, wbo moved into the Blue House as President Chun's chief of staff. He is 49 years old, his doctorate is from the University of Missouri, and be spent mnch of his subsequent career at the Korean Development Institute. The major variation on the theme is that be spent the year before going to the Ministry at Koram Bank, the joint venture commercial institution established with Bank of America.

He says that being first a banker and now a Minister bas changed his perspectives if not his beliefs. "As a Minister, you worry more about implementing policies than you do at a policy institute." By the same token, being a banker for a year, "did affect my view on the internationalisation of banking institutions; it convinced me that the traditional idea of a bank—doing a narrow range of business—would have a difficult time surviving in the modern world.

His impact since becoming Minister has probably been the greatest on the banking *sector, specifically* with the proposals giving greater freedom to foreign banks to operate in Korea. "Foreign banks," he explains, "should be the catalyst to stimulate our domestic banks to liberalise."

However, the pragmatist and, increasingly, the politician lurks not far beneath the surface. He is aware, for example, that freeing the banking sector, even if approached gradually, is not exactly overwhelmingly popular with certain domestic institutions.

Consequently, he goes on, "along the way we may have to make some cosmetic gestures to protecting the domestic banks." He also intends to launch what can only be described as a public relations campaign, with seminars, symposia etc, designed to persuade Korean financial institutions of the correctness, and opportunities, in the new approach.

Nor does he necessarily expect overnight miracles He notes, for example, that the certificate of deposit market introduced in June, threatens to "shake np the existing (government controlled) interest rate structure. We bave to make np our minds how fast we want to demolish this structure." He pauses, and laughs; "if we are lucky we could do it quite fast; if not, it could drag on for a few years."

Jurek Martin

Government policy stays on course

Labour

LARRY KLINGER

LABOUR POLICY for South Korea hangs somewhere between the national effort to improve workers' pay and conditions and what is seen as the often over-riding need to cope with the country's "special situation."

There is no doubt that the overall thrust of government policy is a high-powered drive to achieve a vastly more equitable income distribution for the country as a whole and greater benefits aod security for the nation's 16m workforce in particular. It is also a certainty that in no way will the country's restrictive controls governing organised labour be relaxed in the near future.

Almost without exception, in both government and business circles, any discussion with foreigners on labour relations will at some point centre on the "special situation": the ever-present military threat from the North, and the fact that the South's only extensive national resource is its labour force, whose technical skills and capability for hard work enable the country to compete on world markets.

Conviction

It is a deeply held conviction that any disruption to "stable and continued progress" would be potentially disastrous, either by encouraging the designs of the North or by undermining export competitivity.

"The Government will make perpetual efforts to realise a balanced distribution of income," President Chun Doo-hwan said last month in an unprecedented "live" interview to mark the thirtieth anniversary of Hankook Ilbo, the Seoul newspaper.

"In the Communist system, workers and peasants are supposed to be masters and therefore all income is said to belong to them." President Chun said. "But . . . In North Korea, everyone has his own grade: for example, Kim Il-sung and his clan belong to Special Grade A while his subordinates belong to Special Grade B, and these groups are corrupt beyond our imagination.

"For balanced distribution of income, democracy is by far the best and most reasonable system. Under a democratic income distribution system, heavy taxes are collected from rich people and the money is spent for public purposes," the President said.

Indeed, for the nation's farmers, which, despite the shrinkage in egricultural employment, still represent a third of the country's workforce, the Governmeot spends the equivalent of hundreds of millions of dollars to support the predominant rice and barley crops.

This has meant that, for the first time, rural incomes are approaching parity with those in the cities. The expenditure, which can represent up to a third of the national budget deficit, is recognised as uneconomic but a social necessity.

For income distribution as a whole, the Government has also succeeded over the past three years in achieving a return to levels existing in the late Sixties, which had deteriorated sharply throughout the intervening decade (see articla on consumerism). Moreover, virtually any vestige of the abject poverty still seen in South Asia, Africa aod South America has been eliminated.

Unemployment has continued to decline since the 1980 recession, when it reached a record 6.2 per cent, and is now, according to official calculations, running at only just over 4 per cent (though these figures are based on the criterion that an "employee" is anyooe who works for pay at least two hours a week. Economists say that, for *international* comparison based on a minimum 18-hour week, the jobless percentages should be about doubled).

Tight grip

Labour productivity, meanwhile, has improved over the past ten years by around 10 per cent annually, with annual growth in real wages held to around 8.5 per cent. Last year, the Economic Planning Board's "guideline" for a 6 per cent average national wage increase rose only to an actual 6.9 per cent.

This year, with well over half of the country's 6,800 enterprises settling at between 5 per ceot and 7 per cent, the Government feels that its targets are *being observed again and will* in future continue to be observed if inflation can he held to low single figures.

The Labour Ministry's "step-by-step" programme to maintain a "stable wage system" — in addition to the Government's keeping a tight grip on any possible expansion of organised labour operations — includes:

● Efforts to protect real wages on individual company level by seeking full government epproval for further tax relief for business to expand its already considerable welfare benefits.

● Encouragement for "self-relief" systems at company level, such as the provision of low-cost loans to tide over workers who are ebsent from work for extended *periods* because of ill-health or injury. The ministry has recommeuded that 5 per cent of a company's profit be set aside for welfare programmes, though this is far from being compulsory.

● Further emphasis on vocational training for skilled manpower, for which 60,000 places were provided last year, a further 30,000 are expected to be *filled this year.*

● A pledge to pursue ectively the possibility of setting a national minimum wage, which would be unprecedented, in the country's next Five-Year Plan due to begin in 1987, and to study whether a national system of unemployment benefits might be established, which, if instituted, would be an even more startling breakthrough in the country's labour relations.

Meanwhile, there will be no relaxation in the Government's determination to control trade union ectivity, which was limited sharply with legislation in the wake of the bloodily suppressed 1980 uprising in the traditionally rebellious South-west to protest against seizing of power by President Chun.

Although the complete ban on strikes was repealed, they are still virtually impossible because of complex legal formulas requiring dispute-notification and providing for extended cooling-off periods.

Moreover, the new legislation banned regional union organisation, only allowing unions to operate individually on e single-company basis. It virtually prohibits any outside contact during a dispute, thereby precluding the unions from bringing in advisors or outside legal opinion, and stipulates that a major proportion of union funds must be used directly for welfare programmes, which often means, observers say, that *there is not sufficient* money to provide for union staff or the training of officers.

Climate of fear

While there seems to be no instances of drastic abuse of civil rights by the authorities, such as unwarranted detentions or physical attacks, there are persistent reports of harassment, including police threats to endanger one's employment and to put "social pressure" on one's family.

"There is a real climate of fear," says one close observer of organised labour activity. "In many cases, union officials will consult the police before putting any grievance to his own company."

Union membership has dropped from a high of more than 1m in 1980 to 786,000 last year.

Active speculetion about extending union powers is not encouraged—because of the "special situation"—but even high-ranking officiels within government edmit that all is not well.

One, asked what he thought of a critic's suggestion that *legislation* was simply a statement of official intention to stop labour threatening the supremacy of the ruling economic class, replied, with a telling smile: "Well, we do have problems."

Another, while arguing with considerable force that South Korean unions must continue to be based on "co-operation" because of the traditions of the country's social system and because of the interim status of its economic development, also felt certain progress towards greater union freedom and effectiveness had to be made.

The Government's newly established review boards of private citizens, to which it will have to justify future policy in *detail, would* provide enormously greater "transparency" in policy-making.

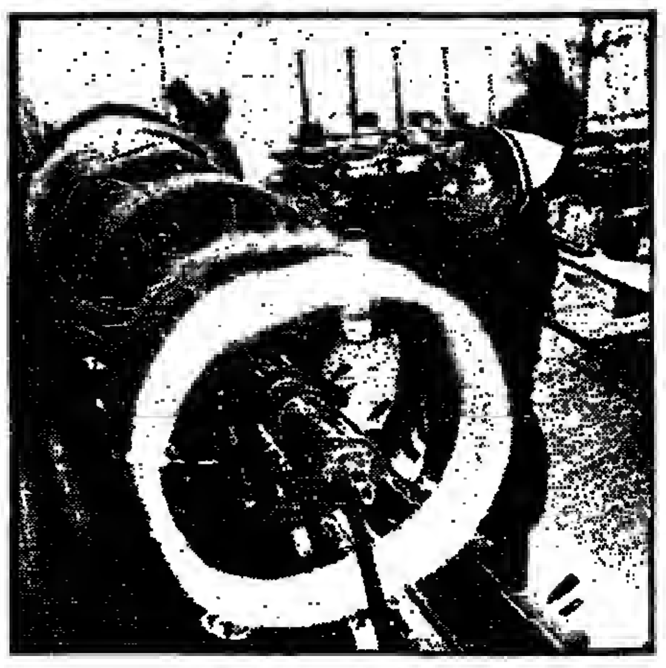
"All, including foreigners, will be able to see," he said. "There will be an agonising process of debate, argument and soul-searching. But, maybe, whim will now end. The Government would like to act, but deciding on the correct role for unions, on the right relationship between *labour* and management remains a complicated task."

MONTHLY EARNINGS
(In Won. Man-days in parentheses)

	1975	1980	1982	1983
Total average earnings	40,020 (25.4)	150,328 (24.8)	207,171 (24.9)	231,880 (24.9)
Mining	54,650 (26.1)	203,281 (24.7)	268,660 (24.5)	286,419 (24.4)
Manufacturing	38,378 (25.4)	146,686 (24.8)	202,117 (24.9)	226,790 (25.0)

Average exchange rate for 1983: $1=776 won.

Source: Bank of Korea.



Girls working in a textile mill near Seoul.

Two workers discuss their jobs at Daewoo Heavy Industries and what they hope to achieve

Mr Chang-Ha Hwang, a steel fabricator.

Working hard for all the family

MR HWANG has already accomplished one of his main ambitions. As a boy he developed a fascination for trains. Some day, he told himself, I may make such a machine. This he now does.

More seriously, at a young age he promised his father that he would devote his working energies towards making the family "rich." His personal philosophy has nearly always been to keep busy, work hard and to make sacrifices for the welfare of his parents, then his children and for the grandchildren to come.

His family was exceedingly poor, sometimes without money to buy rice. After he was born, the family, in search of a better life, moved south from the rural Panmunjom area to the urban area between Inchon and Seoul.

This is where he still lives, in a small house with his parents, a younger brother who works as a tuner at a piano factory, his wife, his son 7, and daughter, 5.

It is 40 minntes away from Daewoo by bus, a ride to and from work for which his company pays. Tha company also provides free work-clothes, boots, safety equipment, locker rooms, showers, help with school fees (and eventually university fees if exam scores are high enough), a shop where food, household items and clothing are at wholesale prices and a medical centre where treatment and medications are provided at cost (they used to be free but met widespread consumer resistance based on the Korean tradition that free medicine cannot be good medicine).

After school, Mr Hwang did work similar to what he does now before spending three years in the Army, after which he joined the Anyang rolling-stock company which was acquired a year later by Daewoo.

When he left military service, jobs were almost impossible to get, and the family remained very poor, so he really had little choice. But with the Daewoo takeover, he decided to stay.

It was a young company which rewarded the individual for hard work, with a capable management which would help him become wealthy. He was further convinced when the company provided a 25-day training course.

Mr Hwang has now been with the company for 11 years.

He puts in about 40 hours in overtime each month un top of his normal 48-hour, six-day week. For this he earns about 400,000 won a month, which, after tax and setting aside 30,000 won in savings, leaves him about 360,000 won. Every three months he receives a 270,000 won bonus, which is equivalent to 100 per cent of a month's basic salary. With *Government and company* contributions he reckons to be able to save some 1.5m won every three years.

His chief immediate aim is to help finance his father's becoming head of their neighbourhood's old-age association, a post with considerable status. His father, who works for a steel company, is a healthy 60 but also must be wealthy to become the association's chairman. With the 7m won saved by Mr Hwang, there should be enough when the father retires in two-years time.

Mr Hwang is a member of his plant's labour union, which he believes to be effective in communicating the collective feeling of workers to management. He believes his union must continue to develop relations in the spirit of "co-operation" and not "confrontation." There seems to be no problems at the moment. Unions, in any case, must stay out of politics.

Larry Klinger

Mr Kwang-Ho Pak, a paintsprayer.

Against a 'big sound' from unions

MR PAK says lightheartedly that the main reason he works for Daewoo is that, when a young Korean is with an equally young, thrusting, successful conglomerate, any girl will marry him. He marries this autumn, having *postponed the wedding* for six months to work in Thailand on an export contract.

More seriously, he was convinced during a three-month study course at Daewoo while in high school that the company would reward skill and hard work. His family was very poor, and in addition to helping them he saw an opportunity in "educating" his older co-workers, who did not know how to save properly, manage their money or, say, how to buy a house. This he still tries to do. He has been with the company for seven years.

Mr Pak has passed the first stage (theory) of the national examination for spray-painters and in September will attempt the second stage (skill), for which, if he passes, he will receive a wage rise. He is confident of success.

Mr Pak lives in a village 15 minutes by train from work, in the house where he was born, with his parents and two younger brothers, one of whom is a *government employee and the* other still in high school. Mr Pak has been spending much of his spare time expanding and redecorating a second-floor room where he and his wife will live.

Other than passing his national exams (a third is due to follow in a year's time), his other main goal is to help the older brother, who is 23 and must certainly marry within three to five years from now. The family home is too small to accommodate another marriage, and another house *must be found in the neigh*bourhood. It is Mr Pak's duty to see that this can be done.

Like Mr Hwang, Mr Pak receives all the non-wage benefits and the three-monthly bonus equal to a month's basic pay, although, unlike Mr Hwang, the younger man works considerably more overtime, between 50 and 60 hours a month.

He earns 280,000 won a month, which, after tax and savings of 10,000 won each month, leaves about 259,000 won. With government and company help, he saves about 500,000 won every three years. He reckons over the next five years he will have saved enough, when supplemented with what his brother manages to save, to buy the land and necessary *mortgage* for the second house.

Mr Pak also hopes that, if he can pass the third level of his national exam, he will be promoted as a specialist painter. He is now a deputy gang-former.

He is a union member, and holds views similar to Mr Hwong's. Someone has to communicate with management to find solutions of mutual benefit, but unions should not make a "big sound." He does not feel that they should practise politics, but, then again, he really has not thought much about it.

L. K.

Cautious plan for expansion

Heavy industries

PETER ENGARDIO

THE HEAVY industry expansion bug is back in South Korea. This time around it is unlikely to rekindle the epidemic of expansion that reigned in the 1970s and left the country with huge overcapacity and mountains of debt.

After virtually halting facility investment since the 1979 oil shock and subsequent three-year recession, South Korea is dusting off old plans and is pushing ahead with expansion in steel and automobiles. Other projects include new factories for fork lifts, power tillers and air frames for American jet fighters.

The new round of investment does not involve all areas of heavy industry, however. Overcapacity still haunts such heavy machinery sectors as power generators, plant equipment and diesel engines that are the legacies of export visions that never materialised.

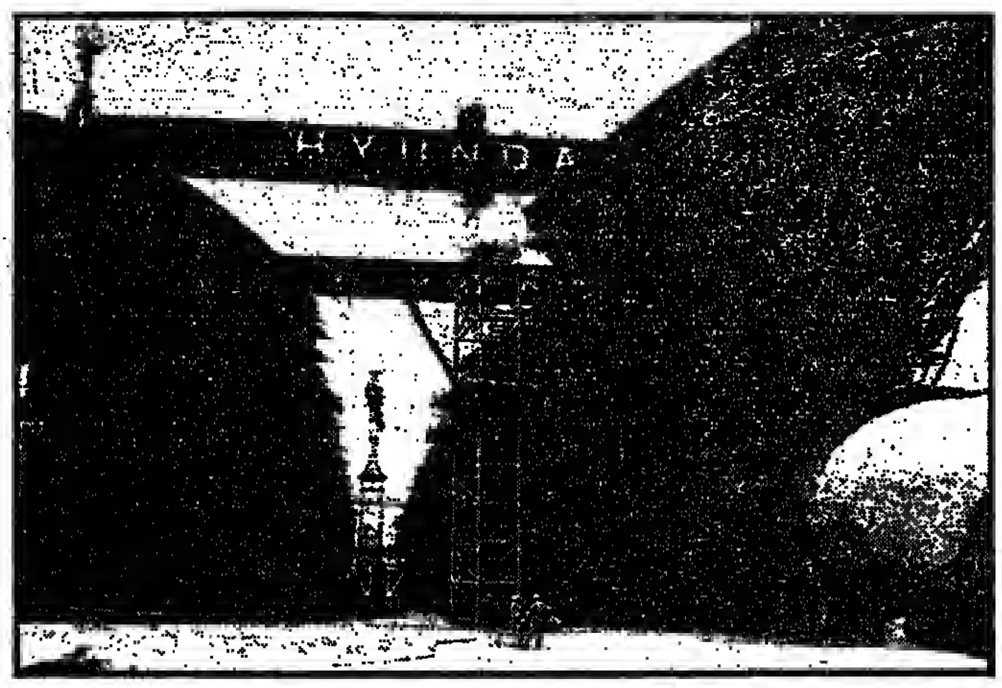
Planned expansions of South Korea's shipyards also remain on the back burner, despite the strong performance of the nation's shipbuilding industry.

In general, Seoul's approach to heavy industry expansion is low-key and cautious. With the exception of the state-owned Pohang Iron and Steel Company (POSCO), the Government is refusing to provide preferential loans for new heavy industry facilities, which it doled out generously in the 1970s.

The only particularly daring new undertaking is Hyundai Motor Company's intention to produce front-wheel-drive subcompacts for export. Hyundai is to make 200,000 of the cars in mid-1985, to be followed by 300,000 in 1986. It expects to export roughly two-thirds with the main target being the U.S., some parts and technical help coming from Mitsubishi Motor, which bought 5 per cent of Hyundai's equity in 1983.

Daewoo Motor, a 50-50 joint venture with General Motors, is also expanding but is taking a less ambitious road. In a new U.S. $400m plant to be finished in 1987, Daewoo is to produce 168,000 front-wheel-drive subcompacts, with about half for export. GM will sell presumably, the lion's share under its own brand name in the U.S.

The renewed optimism in automobiles—an industry that was all but devastated after the 1979 oil shock and then forcibly restructured by the Government—has been bolstered by strong local sales. Passenger car sales rose from 72,000 units in 1981 to 128,500 in 1983. Given that only about eight Koreans out of every 1,000 own a car, the potential demand is tremendous.



Hyundai's shipyards at Ulsan are working overtime to catch up on a U.S.$4bn backlog of orders

Steel mill

In the steel sector, POSCO is ready to start construction next year of a U.S.$1.2bn integrated mill at Kwangyang Bay. Delayed for two years by the domestic recession, the mill is the first phase of four that government officials say will be built eventually, but nobody knows when. The plant will add 2.7m tonnes in capacity to POSCO's current 9.1m tonnes.

Contracts for the blast furnace, hot-rolling mill, continous-casting shop and other segments have been given to European and Japanese contractors.

POSCO says that the main objective of the expansion is to meet domestic demand, which is projected to grow by 10 per cent annually. POSCO plans to sell 9.9m tonnes of steel products locally in 1985 and 13m tonnes by 1991, with an additional 30-40 per cent being exported.

No new plans have been announced for expansion of shipbuilding capacity, now estimated at 4m gross tonnes. Hyundai added three new dry docks in 1983, but these were taken over from Hyundai's underutilised ship repair subsidiary.

South Korea's shipyards, continuing to buck global trends, are working overtime to catch up on a U.S.$4bn backlog of orders that stretches well into 1985. There is considerable worry that sufficient new orders will come in to keep the yards booked beyond 1985—new ship orders were down sharply in the first five months of 1984—but industry chiefs are confident.

South Korean yards grabbed roughly 20 per cent of all new orders in 1983 and are said to be the lowest bidders for scores of vessels and offshore structures now being considered.

While there are bright spots in South Korean heavy industry, others are still paying the steep price of over-expansion. Capacity continues to exceed demand significantly in power generators and other heavy machinery. The strict stratification of heavy machinery manufacturing imposed in 1980 and 1981, which assigned industries to certain companies, is still in place, but with some notable exceptions.

The biggest change was the trisection of Korea Heavy Industries and Construction Corporation (KMIC), the problem-riddled and heavily indebted state-run company that has been caretaker of massive industrial complexes in Changwon and Kunpo since 1980.

KHIC sold two of its weakest links to the private sector in 1983. The Lucky-Goldstar Group, a giant in electronics and chemicals, entered heavy industry by purchasing KHIC's Kunpo complex for U.S.$125m.

The complex produces small farm machinery, castings and forgings and other products. Samsung Heavy Industry and Shipbuilding purchased the KHIC facility in Changwon that has been used for construction equipment.

KHIC kept its Changwon base for power generating equipment — which it is operating at less than 40 per cent capacity despite having a government-enforced local monopoly — equipment for various types of plants and casting and forging shops.

Competition

The Government also made some changes last year in the diesel engine industry. KHIC was permitted to make marine diesel engines of 6,000 hp and up, previously the exclusive domain of Hyundai Heavy Industries.

The Hyundai group, meanwhile, was permitted to make diesel engines for trucks, buses and other land transportation equipment, breaking the monopoly of Daewoo Heavy Industries.

The first dose of competition in four years — although Daewoo's diesel engine plant is still producing far less than its capacity—is intended to spark quality improvements and price reductions that will make South Korean diesel engines competitive with imports, which will be permitted around 1986.

It is still unclear, however, whether the liberalisation of diesel engine production will be an exception, or the first of many reforms in heavy industrial ventures where years of protection have failed to produce competitive industries.

PROFILE: SSANGYONG GROUP

From cement to software

IT IS not without justifiable pride that two bags of cement are encased for view by visitors entering Ssangyong headquarters, for the group, one of Korea's top five conglomerates, relies on its success with cement to fund new ventures in fields as diverse as securities and computer software.

As the group's backbone, the Ssangyong Cement Industrial Company generates a substantial percentage of earnings. In 1983, net earnings for the group were $25m on turnover of $3.2bn, while assets totalled $2.8bn.

Ranking among the world's top seven producers of cement, Ssangyong has a capacity to produce 12m tons of cement annually. With an 8.7m-ton capacity in its Port-Side Dongbae plant alone, the company operates the largest single cement factory in the world.

Since it was founded in 1962, the cement company has expanded its capacity thirtyfold to meet rising domestic and overseas demand.

The efficiency of the operation and the company's port facility, capable of loading four 50,000 dwt (tons deadweight) vessels simultaneously, has permitted Korean cement to compete against Japanese, Spanish and Greek producers for supplying construction sites as distant as the Middle East.

Unlike most other Korean conglomerates which got their start in services, such as trading or construction, the post-World War Two clothing shortage in Korea led the company into clothing manufacture during the early 1950s, while the country's first five-year economic plan of 1962 was the catalyst for a move into cement production.

Steady

The group's executive vice-president, Mr Suk-Hwan Chang, contends that the traditional nature of manufacturing with its involvement with machines, rather than with people as in service industries, has made the company's approach to business more conservative, steady and cautious. He says that, with its 16 affiliates, the group has stayed close to businesses related to the cement industry, branching out into shipping, heavy industry, electronics, trading kraft paper and oil refining. Its foray into a computer software company is based on its experience with management information systems in cement.

Yet the group has been quick to identify its self-interest. As Korea's largest consumer of fuel in the private sector, Ssangyong suffered during the first oil crisis in 1973 as prices soared. Therefore by 1980 the company had completed an oil refinery with the National Iranian Oil Company as a partner and supplier.

Ssangyong bought out its partner after the Islamic revolution in Iran, but the refinery with its 90,000 barrels-a-day capacity continues to use Iranian crude. The focus of the facility is production of lube base oils with a high viscosity index, making Korea the third country in the world, after Japan and Canada, to produce such oils on a commercial scale with a newly designed process.

The oil refinery was the second most important source of the group's earnings in 1983, but could find profits squeezed this year if the Iran-Iraq war interrupts the flow of Iranian supplies and the company has to opt for other sources of crude oil.

Since 1975 Ssangyong has been chaired by Mr Suk Won Kim, first son of the founder. This second-generation management has successfully grafted on to the group a modern management style.

As chairman Mr Kim has delegated authority to the presidents of each company and holds them responsible for day-to-day operations. Management information systems have been set up and computerised and quality control has been emphasised.

The chairman is credited with successfully converging the traditional Confucian pattern loyalty to the individual in charge as a paramount virtue, with a new focus on rational decision-making as found in foreign management techniques. He has also extended Ssangyong's activities and investment further into overseas markets.

A monument to successful overseas operations is now rising in Singapore. Ssangyong Construction Company is building the Raffles city complex, soon to be the tallest structure in Asia. One of the suppliers, Ssangyong Cement (Singapore), a joint venture started in 1973 with two Singapore-based concerns, went public on the Singapore stock market last year.

Ssangyong Corporation, the trading subsidiary of the company, grew on the back of cement exports. As one of the country's top 10 general trading companies which together are responsible for half of Korea's foreign trade, Ssangyong has reduced its reliance on trade in cement from 80 per cent to 15 per cent currently, concentrating instead on heavy industrial exports.

The company diversified its sources with the Ssangyong group's products now representing only 15 to 20 per cent of total exports of $1bn last year.

Mr Kim believes that continuing growth means finding overseas markets, not just for export and import, but for investment. Over the next five years, his goal is to deepen or diversify Ssangyong's current products by introducing new technology. The firm is actively seeking foreign partners for investments in cement, for example in the Middle East and U.S.

Ssangyong also plans to look seriously at other fast-growing fields, entirely distinct from their current activities. The group would like to reorganise its industrial make-up so that new ventures with high growth potential—perhaps in conjunction with foreign partners—would constitute half its companies. The companies where Ssangyong already has proven experience and success are to continue as a firm base and source of investment funds for other endeavours.

One possibility is to team up with foreign experts in software applications and technology in process design for computer hardware and chips. The group would prefer not to manufacture hardware itself, although this option has not been ruled out.

Capital tripled

Another potentially high growth area in Korea is the securities industry. Last year, Ssangyong paid $8.75m to acquire Hyosung Securities Co, the then seventh largest securities house. The group tripled the capital of the company to about $25m, and Ssangyong Investment and Securities Co made its debut this spring as one of the five major firms in the industry.

In 1983, after failing to find a foreign investor willing to transfer technology in fine ceramics, Ssangyong started intensive research and development activities in this field in conjunction with a government research institute. In May, the company had its first experimental product.

Whatever Ssangyong's degree of success in changing its make-up, the steps will be taken carefully. The bags of cement are likely to remain visible at headquarters, reminding everyone of how important a good foundation is.

Ann Charters

New law will ease the transfer of know-how

Technology

ANN CHARTERS

A WORRYING gap in its use of newer technologies compared with its advanced country rivals has recently been the subject of a national debate in Korea. The gap has been most apparent in the electronics industries but it also applies across a wide industrial spectrum.

In an effort to determine the current state of affairs, and how best to narrow the gap, the Ministry of Science and Technology sponsored a study which measured the use of technology in Korea compared to advanced countries in four categories. The study, conducted by the Korea Advanced Institute of Science and Technology looked at the number of patent registrations, how much technology the country bought and sold, how much value is added to manufacturing goods, and what proportion of exports are based on technology.

The results confirmed the distance Korea has yet to proceed. On a composite score and giving the U.S. a result of 100, West Germany scored 55, Japan totalled 50 and Korea managed 3.

Naturally, there are other ways of measuring the utilization of technology and Korea's score would vary from industry to industry. For example, the country's expertise in shipbuilding and some textile fibres is well known. Yet, the study revealed some interesting policy options.

One way to narrow the gap would be to increase purchases of technology from overseas. Dr Young-Ok Ahn, president of the Korea Technology Advancement Corporation, a not-for profit company set up to commercialise research results, says it was apparent ten years ago that Korea's development depended on foreign technology.

To emulate the success of neighbouring Japan, Korean companies need to be more aggressive in acquiring technology. Despite the fact that Japan sells technology abroad, unlike Korea, the Japanese also buy new know-how at the rate of 1,700 contracts a year, compared to Korea's 300 annual technology purchases, according to Ministry of Science and Technology data.

A new law expected to go into effect in July is designed to ease technology transfer between Korean and foreign companies. Government officials admit that previously Korean law impeded the transfer of know-how, requiring prior government approval for any technology agreement over U.S.$1m.

Once the new law is in effect, the government expects the flow of technology transfers to increase, since only registration of the agreement is required. Although the government reserves the right to review contracts after the fact, officials contend monitoring is merely to see that the purchases have been negotiated intelligently.

Investments

As an adjunct to encouraging firms to buy more technology, the government has also made investments in research and development more attractive. Until 1980, the Government bore much of the burden for research, but ministry figures show that in 1982 the private sector was responsible for almost half of the investments in science and technology. Other compilations place the private R and D investment well ahead at 59 per cent.

As early as 1972, companies could deduct expenses for technological development from taxable income, but the definition of development included overseas travel to look at technologies in practice and consultant fees. Few companies established their own research departments.

But recently, that picture has changed. There are now 130 private research laboratories, treble the number four years ago. Dr Ahn maintains that Korean industries now have the capability to do their own short-term development and technical service activities. They are also more capable of evaluating foreign technologies and driving a good bargain.

Basic research for medium and long range applications to industry, however, remains more firmly in the government sphere. Korea would like to raise both private and public sector investment in research and development to 2 per cent of GNP by 1986, about $2bn. But there are those who argue that since this will still be far below the level of expenditures in advanced countries in absolute terms, more funds need to be committed to these activities.

Certainly, in the electronics industry, the major drive and capability for development resides in the industries themselves. The rush for a presence in new high technology electronic fields has caused four major Korean conglomerates to set up subsidiaries in California's silicon valley and entice trained Korean scientists with high-tech experience to spur local development programmes.

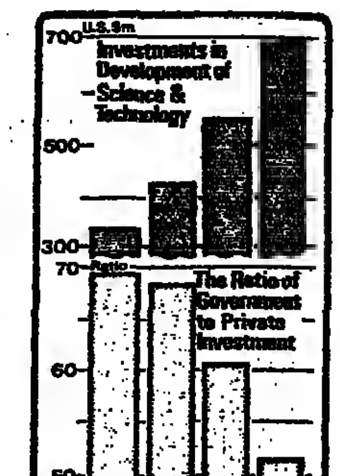
With the big four, Samsung, Daewoo, Lucky-Goldstar and Hyundai, investments have been substantial and technical tie-ups with foreign companies are either arranged or under discussion. Samsung recently inaugurated a VLSI (very large scale integrated) circuit factory with a capacity of 30,000 4-inch wafers a month at an investment to total $125m as capacity expands.

The company expects to start sales of the 64K DRAM (dynamic random-access memory) chips this autumn, breaking into a market dominated by Japanese and American producers.

Technical links

Lucky-Goldstar, which has a long presence in the electronics field, has technical links with A.T. & T. of the U.S and a range of expertise in communications equiment. Later this year, the company will inaugurate its semi-conductor plant. Mass production of 64K-DRAM chips will start before March 1985 at a rate of one million chips and 9,000 wafers monthly.

Both Hyundai and Daewoo are relatively new to electronics but, as one of their competitors remarked, "the capability of both companies is high and there is a limitless market out there. All they need is a foothold." Hyundai is known to be conducting discussions with IBM, but no details are available.



'Korean companies need to be more aggressive in acquiring technology'

Daewoo is at work on its capability in semiconductors, with an emphasis on bipolar chips for consumer products and CMOS chips, including custom chips for telecommunications systems. Daewoo Semiconductor expects to start manufacturing later this year. Daewoo and Northern Telecom of Canada are now putting the finishing touches on a joint-venture agreement in the semiconductor field.

At the same time, Daewoo Telecom plans to start manufacturing single mode optical fibres and 135 megabit transmission systems this fall, using Northern Telecom technology. Daewoo says the product will be one technology generation ahead of other products available on the domestic market.

The risk of this flurry of investment activity in high tech electronics is that by the time Korean companies can put products onto the market their technology may be superseded. Korean firms recognise the short life cycle of technology in this field but argue they have to start and just run faster.

Waiting for the boom

Consumerism

LARRY KLINGER

Shoppers throng Myeongdong old market in the centre of Seoul

IS SOUTH KOREA, Asia's most powerful domestic market in the Far East other than Japan, gearing up for a consumer boom? The answer is that it is certainly possible but that it will probably have to wait.

"Since the domestic market has grown considerably, it can serve as a "second engine" of growth, especially when the external economic climate is unfavourable." The remark is virtually never absent from any official government economic literature. Yet, despite growing evidence of pent-up demand among an increasingly better-off society, the Government will keep the lid on, especially for the time-being, and the tools it has for doing so are considerable.

Like all recent South Korean relaxation of controls, caution is prevalent and the debate likely to be long and agonising. The "second engine" declaration should read "especially when it is finally decided it can serve."

The Government is considering more reductions in the country's stiff and complex array of taxes, which can add around two-thirds to some consumer durables, but current policy means that the necessary economies of scale in production are unobtainable by local industry and that any large-scale imports of consumer goods will not be forthcoming for several years. Moreover, the intense national drive to boost savings would seem to leave little room for a rush to the nation's department stores.

Pointers

Nevertheless, there are a range of micro and macro-economic pointers that consumer power may just be waiting to be unleashed. In the first category, the array of examples include this random sample:

- Domestic passenger car sales, despite heavy taxes, rose by upwards of 100,000 last year to more than 400,000.
- More than 3m of the country's 8m homes now have colour television despite colour transmissions being introduced only two years ago. The large backlog of colour receivers destined for export virtually disappeared overnight on the home market.
- Department stores, supermarkets and chain stores continue to show remarkable growth in numbers, leading to the formation this year of the Korean Retailers' Association, the country's first such modern organisation. Only 14 department stores existed in 1960, now there are well over 100; supermarkets first began operations in 1971, now there are 4,300.
- The clamour from abroad for South Korea to open its domestic market to foreign consumer products continues unabated. Britain's drive to get in Scotch whisky, a cause loudly championed by no less than the UK Foreign Secretary on a visit to Seoul in April, is based on the assumption that immediate annual business would be worth £4m ($5.56m) to £5m.
- The use of major credit cards, which were first introduced 10 years ago with limited success, is now rapidly expanding. While high fees mean that they are available only to the relatively well-off, and despite that each person is limited to holding only a single international card, one company setting-up operations this year has attracted hundreds of applications per day over the past several months (Personal chequeing accounts were introduced for the first time two years ago, including the provision for overdrafts, though these still operate under strict limits).

Meanwhile, the economy is expected to continue to expand, with per capita Gross National Product (GNP) likely to top $2,000 this year, one of Korea's most remarkable achievements. The figure stood at only $82 ten years ago. Average household consumption has already increased nearly six-fold over the past ten years, reaching nearly 300,000 won ($375) per person at the end of 1983.

With the economy again moving towards full employment in South Korean terms, and with wage rises, though expected to be much more modest than during the 1970s' wage/price spiral, expected to far exceed current inflation rates, disposable income can only expand.

Most importantly, unlike most developing countries, South Korea's rapid growth has not seen income gains in the poorer households lagging far behind those in the upper-income brackets, which are generally the main gainers from major expansion.

Favourable

Indeed, new studies show that, following the country's economic setbacks during the 1970s, income distribution has again reached favourable levels, with the upper-paid 20 per cent of households taking 43 per cent compared to the lower-paid 40 per cent taking 18.8 per cent. This produces a distribution ratio of 2.29, which significantly betters most developing countries and even compares well with developed countries such as Spain and Italy. In the East Asian region the performance is roughly equivalent to Japan's, and is worse only to Taiwan's.

A leading Korean economist, known for his sober assessments, comments: "Compared with other countries, we have maintained relative equity by international standards. We have truly achieved redistribution with growth."

However, the Government's eye is less on the consumer's potential desire to spend than on his ability to save—on how the state can finance its $40bn foreign debt. The authorities are increasingly relying on domestic savings, at least on a net basis, to sustain their growth targets.

Household savings, as a percentage of nominal GNP, are currently running at about 24 per cent, considerably less than a few years ago, and the authorities are hoping to boost this to as much as 29 per cent over the next two to three years. While these saving levels are high by Western standards, they fall short of Korea's regional neighbours such as Taiwan and Singapore.

A government economic adviser says: "With the country again approaching full employment and the world economy starting to expand, we can't afford to relax domestic control. We need to release our efforts to effect an export boom."

South Korea is also not far removed in time from its 1970s, when unleashed demand chasing a limited supply of quality consumer goods fuelled runaway inflation and caused a serious deterioration in the country's progress to more equitable income distribution, with property speculation, for instance, reaping doubled and even trebled capital gains for the wealthy. Clearly, the authorities would not flinch from using their powerful tax powers to place "luxury" goods out of reach if they thought the situation was getting out of hand.

Slow progress in drive to cut subsidies

Agriculture

LARRY KLINGER

THE AGRICULTURE sector comprises South Korea's single largest social-spending challenge: how to keep to the government's aim of achieving income parity with city dwellers for the nation's 9.5m farming population, without continuing to incur budget deficits of hundreds of millions of dollars a year in crop subsidies.

It is a highly complex problem involving the Government's desire for the following:

- Maintain the country's long-standing but just-achieved goal *of self-sufficiency* in rice.
- Control the migration from countryside to city so as to curb further strains on urban development, and to encourage youthful expertise down on the farm.
- Increase farm productivity and non-farm income so that the costly subsidy programme can be phased out.
- Leave undisturbed the country's overall drive to achieve a far greater equity in income distribution.
- All this, while retaining reasonably priced food supplies so that no greater inflationary pressure is put on manufacturing labour costs that could endanger export competitivity.

The country's predominant agricultural tradition — "farming as the basic foundation of the nation" — detes to the beginning of Korean national history 5,000 years ago and remained intact until the Korean War this century, after which rapid Industrialisation sharply altered the economic structure in favour of the towns and cities.

Farming is no longer the major source of wealth. It now accounts for only about 12.5 per cent of gross national product. Moreover, only 22 per cent of the countryside is arable, and this is being encroached upon constantly by tha growth of cities and the expansion of industry.

In short, Korean agriculture is uneconomic, yet nearly a quarter of the country'a population remains dependent on it for a *livelihood*, which can only be made sufficient either by government subsidy or unless supplementary industrial income can be provided.

The Government, however, feels that it is on the right path —with plans to raise gradually the consumer price of rice and phase out subsidies, to provide the countryside with small and medium-sized industry, to increase productivity with new machinery and farming methods, to provide technical training and other incentives for the young who want to continue farming and to encourage diversification away from rice to suit the urban dwellers' changing tastes.

But the Government also admits that the journey to success will be slow and difficult. It is nevertheless aware that failure to control subsidised inefficiency might eventually force the country to switch to greater foreign exchange draining imports from the West.

Of most immediate concern is whether to increase the official guaranteed producer price for the two mainstays of rice and barley (both of whicb tha Government will bave to buy up and then sell at lower prices to consumers during the winter).

Last year the Government froze prices, with the effect that its budget deficit in this area was cut hy half on the previous year. With elections for the National Assembly approaching fast, the Government may find lt difficult to maintain this policy, but even the modest 3 per cent rise tentatively budgeted could mean a 65 per cent increase in 1984 deficit spending on grain.

Balance

It is clear, however, that no real effort to phase out completely the subsidy programme will take place immediately, given its social significance. The most likely time for this to ba attempted will be in 1987.

The most important of the Government's long-range plans to achieve a sustainable stable balance between supply and demand are its programmes to:

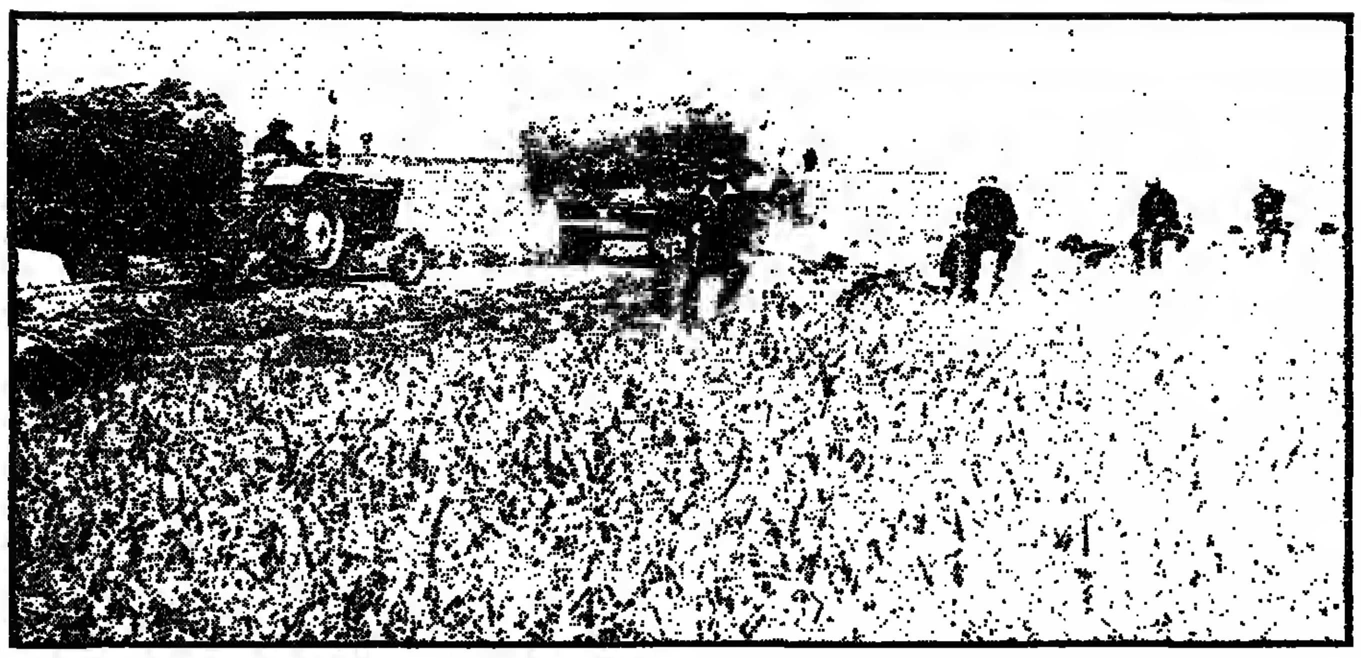
- Provide rural areas with new industry.
- Encourage diversification into other products than rice and barley.
- Provide training for the young.

On the first, the Government bas already set up a scheme to contribute 500m won to each of the country's provinces for new small and medium-sized industry.

For the second, the equivalent of $1bn was set aside in 1983 for feed-grain import-substitution programmes to supply the burgeoning domestic livestock industry. Loans averaging 30m won were made available to 225 areas, with expectations that a further 300 areas will be covered this year.

The great migration to the cities after the Korean War (Seoul, originally designed to accommodate 1m people, now contains around a quarter of the country's 40m population) has seen changing diet patterns demanding more meat and fresh vegetables.

The recent but now widespread use of vinyl stretched over frames in the fields bas greatly increased outpnt of winter vegetables and, in some areas, extended significantly the rice season.



Rice farming, the modern way

COST OF SUBSIDIES FOR MAIN CROPS

	1981	1982	1983	*1984
Guaranteed price rises (%):				
Rice	14.0	7.3	0	3.0
Barley	12.5	13.7	0	3.0
Grain management fund deficit (Won bn†)	−308.4	−482.4	−241.6	−398.3
Fertiliser management fund deficit	−162.3	−117.0	− 97.7	− 39.0

* Tentatively budgeted with forecast deficit if rise goes ahead.
† Average exchange rate for 1983: $1.00=776 won.

Source: Ministry of Agriculture.

The main problem, however, is the livestock sector, where a stable supply base is the objective. Not only have live animals to be imported at higb cost, but, without successful feed-grain import-substitution, say in sesame and peanuts, more buying abroad could upset quickly the country's cheap food self-sufficiency programme.

12-hour day

U.S. officials concerned with agricultural exports describe South Korea, along with Japan, as "where it's at for the future." U.S. exports to Korea last year of soyabean and soyabean meal Increased in value over 1982 by about 42 and 33 per cent respectively.

South Korea recently established a Livestock Development Fund of 200bn won, but this is not big enough to boost production significantly, only to provide quick support in emergency cases, and, given budgetary restraints, lt is unlikely to be expanded into a fullscale support programme.

The vocational training programme is based on the obvious premise that, whatever the basic size and structure of the future farming sector, there must be a new generation of enthusiastic young people knowledgeable both in technology and management.

Under the training programme set up in 1981, 7m won per training place was provided. Tbis year about 5,000 places should be filled, with a further 7,000 expected in 1985.

A leading economist summarised the overall situation thus: "Agriculture is struggling and a big social problem, with low productivity and an even lower relative rate of productivity improvement. Dairy produce, for instance, is at between two and eight times international prices.

"But it is necessary to support Incomes. In Korea, rural income is 70 per cent derived from actual farming. In Japan and Taiwan, for instance, the reverse is true. There, 70 per cent of rural income comes from non-farm sources such as nearby manufacturing or local small businesses. In the long term, we must reduce the farming sector. But there is a long way to go."

PROFILE: KIM HWAN CHUL

Farmer with ambitions

WHEN Mr Kim Hwan Chnl, standing on the levee between bis flooded rice paddies and his directly adjacent fruit and vegetable patches, gestares to the distance to delineate the extent of bis farm, It is not "distance" in any Western sense.

Mr Kim bas only 2.5 hectares, about average, be says, for bls village of Dongam il Ri, whieb is 37 km north of Seoul and only about 20 km sonth of tbe Demilitarised Zone (DMZ) separating the two Koreas.

Yet even this is large by Sontb Korean standards, donble the national average and approaching the maximum cropland allowed to he beld by a single owner: three bectares (about 7.5 acres).

If Mr Kim is very unlncky be could find himself directly in the path of an invading army, bnt for the moment be is lncky indeed: not only was his fertile land obtained cheaper because of its proximity to the DMZ but, because he is prepared to live with his family in the area, the Government has a special interest in his welfare.

Bongam-il Ri, of whose 430 people abont balf are dependent on farming, is obviously a model village of the nationally backed Saemaul Undong (New Commnnity Movement) but it appeared no more generally prosperous than the many other villages that line the route up from Seoul, some of wbicb look no less well off than many in sonthern Germany or northern France.

On this particular day, Mr Kim, who is 34, looked very prosperons indeed, relaxed and talkative, despite his being interrupted from work. He stood next to his new waist-high tractor/mechanised plough and wagon, which contained his two daughters, three- and five-year old, dressed in pretty red-and-white polkadot skirts. His one-year-old baby boy was at home with his mother.

Mr Kim said he expects a good rice harvest of around eight tonnes. Irrigation was excellent and the planting had gone well; it did not matter mnch whether there was rain or shine between now and tha end-summer harvest. His strawberries had come in fine, and preparations for his vinyl "hothouse" prodnction of winter vegetables was expected to proceed on schedule.

What were his aspirations for himself and his family? His father had been a farmer, now Mr Kim himself was a farmer, but be wonld like his son to obtain a university doctorate in horticultural science. His daughters were too young for their fnturcs to be considered now.

Any other hopes? He paused, nervously brushing off the dust from bis dark-blue, pin-striped trousers rolled np high above plastic sandals, then tugged at his baseball cap. His embarrassment seemed to stem from an effort to tell the truth withont at the same time appearing to be greedy.

His greatest ambition was to buy a small lorry in about three years' time. Last year he had managed to get the tractor. Tbat had cost 1.5m won ($1,874), for whirb the Government financed half. The lorry would cost aronnd 8m won and for wbicb be had already saved 3m won.

Mr Kim puts in a 12-hour day, seven days a week, during the main growing season. With the approarb of winter be spends seven to eight honrs a day tending to bis vegetables on a vinyl covered plot of less than a third of a hectare. In winter he devotes abont five to six hours a day to bis farm bnt—and this is crucial to Mr Kim's and to an increasingly large nnmber of other Korean farmers' standard of living—he will also be able to work for two or three montbs in the village's small car-heater factory. This will earn about 1m won.

Mr Kim annually grosses about 8.5m won from his farm (of which 7m comes from bis beavily subsidised rice crop), which, after tax and the cost of labonr and other overheads, leaves him with abont 4m won.

He said he was not worried that the Government last year froze guaranteed prices for his rice and was unlikely to lmprove no more than a marginal increase this year. The Government had contained inflation last year, Mr Kim said, and were pledged to keep all prices stable again this year, so his real income would not suffer. He did not, however, venture to forecast his feelings should this anti-inflation drive fail.

LARRY KLINGER

Warm response to Pope's visit

Religion

ANN CHARTERS

THE POPE in his visit to Korea displayed both a statesmanlike grasp of sensitive issues outstanding between church and government and a compassionate understanding of human beings. Although his message was often spiritual, it evoked a warm response from many non-Christians.

His five-day visit covered the length and breadth of the country. He met the descendants of newly-canonised Korean saints, widowa of government officials killed in the Rangoon terrorist incident, lepers, seminarians, farmers, students, fishermen, prominent dissidents, workers, intellectuals, Catholics, non-Catholics and non-Christians.

He delivered a series of carefully prepared messages which touched on human dignity and rights, church responsibility and the need for reconciliation.

On arrival in Korea while exchanging greetings with South Korean President Chun Doo-Hwan at the airport, the Pope said that he boped the untold sacrifices that Koreans bad made to build a modern industrialised nation would bring about "a more human society of true justice and peace, where all life is upheld as sacrosanct, where to live is to work for the good of others, where to govern is to serve, where no one is used as a tool, no one left out and no one downtrodden, where all can live in real brotherhood."

The Pope showed his grasp *of other stresses and strains in* today'a Korea and gave a boost to the South Korean Government in the joint communique issued after a meeting with President Cbun. He lent the weight of his position to the hope for easing tension on the Korean peninsula through an early resumption of talks between North and South Korea and he emphasised the urgent need for reuniting relatives from the 10m families separated since the Korean war.

Co-operation

On the thorny issue of how far those in the church should go towards supporting dissident activity, the Government seemed pleased with tha tone of one item in the joint communique in which the Pope stated that the Korean Catholic Church would continne to co-operate in a religious manner and respect the separate competence of the church and state.

However, when a wire service report quoting a Vatican source carried the position further, stating that in a later speech the Pope bad warned South Korean priests against participation in political issues, the report was vebemently denied by tha Vatican and the Korean Catholic Church. The church in Korea has at times been an outspoken opponent of government policies, especially in the 1970s.

The Pope had a brief encounter with some of the country's more prominent dissidents, but his message to them was couched in spiritual terms. At an open-air Mass for more than 60,000 people in Kwangju, where 189 people died in a civil insurrection four years ago, he *referred* to *pain from personal* experiences and recent tragedies, and called for reconciliation and forgiveness.

In an address to workers, fishermen and farmers in Pusan, South Korea's second largest city, recognised the importance of labour to the country's achievements and expressed his understanding of the necessity for a just wage as a share of improving production end profits.

The papal visit was made to commemorate the 200th anniversary of Catholicism in Korea, but it lent political prestige to the country as well. The Pope conducted the first canonisation outside the Vatican in Seoul when 103 martyrs, including 10 French missionary priests, were proclaimed saints for their work and sacrifices in the 19th century.

Korea, now the fourth ranking country in the number of saints after Italy, France and Spain, is one of the fastest growing strongholds of Catholicism in Asia. The 1,700,000 Catholics make up about 4 per cent of the South Korean population. Their numbers bave tripled in the last 20 years.

Christian religions, in general, are enjoying tremendous growth. Both Protestant and Catholic churches have a history of socially concerned activities, with early missionaries founding schools, universities and hospitals.

Some observers attribute the appeal of the Christian religions to the ethnic of concern for one's neighbour. With more of the country's population concentrated in urban areas, churches tend to serve as a focal point for activity in city neighbourhoods.

Religious zeal can sometimes border on the excessive. A few more Evangelistic Protestant sects vie for status as baving the largest church, the biggest congregation or the most donations. One Protestant sect in Seoul boasts of attracting 12,000 to a single service while another sect holds five services every Sunday, preaching to 3,000 faithful at each service.

According to the Government, Protestants number 5.3m, or 13 per cent of the population, and are increasing faster than other religions.

Meditation

Despite the growing number of Christians, the moral and ethical fabric of Korean society remains strongly Confucian in outlook and influenced by Buddhism. Confucian precepts of loyalty to family, ancestors and respect for those considered in higher authority permeate much of everyday behaviour.

The Buddhists, by far the largest religious gronp at 7.5m, or 19 per cent of the population, bave always tended to favour withdrawal from worldly affairs and meditation in mountain temples.

Most temples belonging to Korea's largest sect, the Chogyejong, bave been designated cultural properties by the Government. Both followers and tourists flock to them on bolidays and weekends, providing Buddbist leaders with an important source of revenue.

The sect itself bas split as a result of power struggles between various factions of monks in recent years, but there are some indications that feuds are dying down and religious objectives are once again becoming a paramount concern.

Do's and don'ts for business visitors

It's polite to support the elbow

KOREANS TAKE their entertainment, like their business, very seriously. An important groundrule to remember, however, is that although business consummated, undertaken or still only a merest glimmer of a possibility is the reason for the occasion, once a Korean-style dinner gets under way, it is not a proper topic for conversation.

The goal for the evening is camaraderie and fun—the more ribald and raucous the better. In case there's a stiff, formal air at the outset, not to worry. There should be a bottle of Scotch for every one, two or three guests, or perhaps it is the perfect opportunity to savour local brews. Soju, which literally means "burned liquor," is distilled and potent. Makkoli, a rice wine, is the traditional farmers' drink. Both are reputedly a much greater challenge to sobriety, since they are unfamiliar to the western palate and experience.

The evening should now proceed with a few proper toasts to the gathering—please note the host is to take the initiative here. If not before, the assembled group now moves to the low table, already laden with at least six assorted kimchis, pickled vegetables with or without red pepper, and barley wine.

Host and honoured guest face off across the table from each other, legs decorously folded or crosslegged under the table. At this juncture, it is important just to accept the fact that the non-initiated will need help to their feet after two hours of assuming this posture and everyone relaxes.

A bevy of Korean girls clad in lovely silk traditional dresses start serving the feast. The first dish to appear is always a thick white soup made from pine nuts. One should not be misled by its bland character. It is undoubtedly the most important dish of the evening for its somewhat pasty, gluey consistency is intended to prepare the stomach for what is to follow.

Now comes the fun. The host fills his guests shot glasses with liquor and a guest returns the compliment by filling the host's glass. Rule number one: it is not good manners to fill one's own glass. Rule number two: the host's glass must never be empty. Rule number three: the guests' glasses must never be empty. Rule number four: there is to be toast after toast after toast with the contents of the shot glass downed quickly each ime.

As the meal progresses, the table is covered with tempting morsels each in its own small dish. The delicacies presented vary with the season of the year. Mountain grasses with sesame seed in the spring, cold buckwheat noodles in a vinegar broth in the summer, pine wood mushrooms in the fall and raw oysters with red pepper paste in the winter.

The bewildering array is all the more challenging since it is to be consumed using fine, thin metal chopsticks. Not to worry if mechanical dexterity is not a strong point. The Korean girls, called Kisaeogs, are there to see that no guest starves as just one of their many duties. Even those totally nimble with chopsticks at times prefer to be fed.

During the course of the meal as soups appear and disappear and hot slices of marinated beef are replaced with fresh abalone, it will become apparent who has been eating more and drinking less. The lineup of shot glasses in front of someone's place is a dead giveaway that the party has hit a snag.

For the merriment to continue, the guest must drink each full shotglass, pass it empty with his right hand to whomever he wants to honour and ensure that person is drinking as much as himself and carefully pour liquor into the glass with his right hand supporting his right arm at the elbow with his left hand. The latter posture is a sign of respect, but it also increases the likelihood that more whisky gets into the glass.

When the rice appears, it is a signal that the meal is coming to an end and the revelry can begin in earnest. A band complete with microphone steps into the room. This is where experience really tells. The veterans of previous parties can now be seen to remove a small typewritten card with the lyrics of their favourite song inscribed on it. Everyone, but everyone, sings a solo. One clever foreign businessman with no musical aptitude always sings "yesterday" and has never been asked for an encore.

As the party draws to a close, revellers are sometimes moved to have a permanent reminder of the occasion. Swapping watches or neckties is not unknown. Since by this juncture the evening is undoubtedly still young, there is usually a consensus to move on to a second place for a few more drinks and dancing or music. The brave and bold are said to continue on to even a third place. What about the day after? Business as usual.

Spots for revelry: of the numerous establishments. Jan Won, Junga restaurant and Sam Chong Gak are well known. Second and third places: company drivers remember where they took the party.

Major Internal Hotels: Hilton, Hyatt, Chosun, Lotte, Shilla, Sheraton-Walker Hill, and Seoul Plaza.

Korean Restaurants: Dae Won Gak, the Korea House, Hee Won (behind the Samsung main building) and Kyunghyang (on Chongno Wedding Hall Lane).

International cuisine: The Seasons (Hilton), the Ninth Gate (Chosun), Hugo's (Hyatt) and the Celadon Room (Sheraton-Walker Hill).

Japanese restaurants: Genji (Hilton), Ben Kay (Lotte) and the Missouri.

Ann Charters

Pope John Paul II responding to cheering crowds when he arrived at Suyong Airport, Pusan, *the second largest city in South Korea*

President Reagan and Mrs Reagan are greeted with flowers as President Chun Doo Hwan looks on during their visit to South Korea

Liberalisation nearer

CONTINUED FROM PAGE 1

In a limited sense, the Korean parliament does serve as a forum for both sides. An election is expected sometime between this autumn and next spring and it is widely assumed that the governing Democratic Justice Party will be careful about needlessly offending vested interests therein represented.

Forum

Mr Kim Mahn-Je, the finance minister, does wryly note that the financial reforms he has been pushing (especially in banking) have not made him the most popular man in the eyes of the politicians. Nor has the government's decision to curtail the growth in agricultural subsidies sat well with the farmers, who happen to form the core of the DJP's support.

However, real political authority still resides very much in the hands of President Chun, who can be expected to stay in power until the presidential elections scheduled for 1988. Those with access to him insist that he has far outgrown the confines of his military career; he is said to be increasingly confident of his mastery of economic policy issues, in which his principal tutor had been the legendary Kim Jae-Ik, the presidential adviser who was a victim of the Rangoon bombing.

Koreans still see him as a rather distant figure, in spite of attempts to popularise his image, but his advisers maintain he consults widely and has no compunction about delegating decision-making to government departments.

He is also travelling about the world more, though Rangoon cut short last year's Asian foray. It is virtually certain he will visit Japan in September, which will be important for the evolution of an important, but often touchy, bilateral relationship.

Heir apparent

There is inevitable speculation in Seoul as to who will be groomed for the succession, as President Chun has said he will step down in 1988. The official view is that nobody will be selected as an heir apparent but that candidates will emerge naturally from the body politic.

But that, in turn, very much depends on the pace of Korean evolution in the immediate years ahead. It is fair to say that the country seems to be moving from the stage of promising a more open economic and social environment to actually doing something about it.

Even foreign bankers in Seoul, long inured to frustration, were pleasantly surprised by the extent to which this spring's banking reforms appeared to remove a number of shackles. Critics of Korea's human rights policies, while still retaining a sceptical reserve, do concede that the Government's hand is a lot less heavy than it used to be, as the university initiative demonstrates.

Officials maintain that the process in train is now irreversible, though one caveat is sometimes introduced. As one veteran minister (and reformer) put it: "look, winning the battle on the economic side is good because of its spillover effect. But if things don't go well economically, it's tough to worry about anything else."